

**Saturday June 15 1996**

Hong Kong HK\$ 25  
 London £ 1.00  
 New York \$ 1.15  
 Tokyo ¥ 110.00  
 Zurich Sfr 1.60  
 Australia A\$ 1.30  
 Canada C\$ 1.25  
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 Malaysia M\$ 2.20  
 Singapore S\$ 1.30  
 Thailand B\$ 30.00  
 Taiwan NT\$ 150.00  
 Turkey TL 100.000  
 USA US\$ 2.75  
 Zimbabwe Z\$ 27.00

# The Guardian

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**The easy way to lose \$2.5bn**

European weather



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## City warned 5 years ago of \$2.5bn fraud

**World's biggest financial scandal**

Paul Murphy and Patrick Donovan

FORMAL warning which could have prevented the massive \$2.5 billion copper fraud at Japan's Sumitomo Corporation was received nearly five years ago by the City-based regulators who police the international commodity markets.

Evidence that Yasuo Hamanaka, a Sumitomo dealer, had been involved in falsifying details of copper deals had been forwarded to the London Metal Exchange's chief executive, David King, in November 1991, according to documents obtained by the Guardian.

Yesterday British officials launched an investigation. The shockwaves caused by the news of the world's biggest ever financial fraud threw global markets into turmoil. As the Serious Fraud Office and City of London Police joined financial regulators from across the world to investigate allegations of a global conspiracy to rig the copper market, the metal's price tumbled by more than 8 per cent to \$1,980 a tonne.

The announcement that Sumitomo, one of Japan's biggest corporations, had lost more than \$2.5 billion prompted City authorities to work throughout Thursday night to draw up emergency measures to prevent the collapse of financial markets.

Sumitomo made the announcement late on Thursday after receiving the findings of a worldwide investigation into allegations of market rigging which are being pursued by United States and British regulators and local police.

Potential evidence was obtained in a raid on three premises in Guernsey on May 11 by the island's fraud squad and representatives from the City watchdog, the Securities and Investment Board.

When the findings were presented to Sumitomo, a leading copper trader which deals extensively on the London Metal Exchange, the company decided it had to make an announcement.

But the letter received by LME chief David King on November 22, 1991 contained clear details that Mr Hamanaka had been falsifying trades. Mr Hamanaka, aged 30, is regarded as the most powerful player in the entire commodity market who had a crucial role in fixing the world's copper price.

The documents, which were sent by Mr Hamanaka in an attempt to "cover his tracks", contained a handwritten document by him in which he asked his clients to send details of his trades to an intermediary. He also lists a series of fictitious traders, supposedly transacted some months earlier.

The documents contain copies of a series of handwritten pages which were faxed on October 1, 1991, to the offices of an American metals broker with whom Mr Hamanaka dealt in the past.

The letter says: "This is a special request for our company's internal accounting purpose only and I guarantee that this will not cause you any trouble/damage/any loss at all. Please send your letterhead with the attached sheet content by facsimile to Atten Mr Nishi of Winchester Tokyo (Fax No. 03-5289-1663) by return. Best regards, Y Hamanaka."

On November 22, the American broker forwarded this correspondence to David King, chief executive of the LME, explaining that he had refused to comply with Mr Hamanaka's request.

Questioned about the correspondence yesterday, Mr King said: "Appropriate action has been taken whenever such documents... have been received. They were shown to and followed up by the appropriate regulatory authorities."

Further documents obtained by the Guardian indicate that by 1992 the Securities and Futures Authority — the City watchdog with responsibility for monitoring UK firms which trade through London's financial markets — was receiving regular and detailed information on the activities of a string of brokers acting for Mr Hamanaka.

One letter, dated November 25, 1992 and addressed to Dan Simon, an SFA investigator at the time, details the findings of a private investigation into suspicious copper dealings carried by Paul Scully, an American trader who had died in a house fire earlier that year. The writer of the letter — another American broker — concludes: "As you know, I believe there is an organised ring within a ring on the LME, and my complaint against (two individuals) is the tip of the iceberg."

Mr Simon is understood to have led the SFA's first full-blown investigation into the copper market in September, 1994, when a routine check at the British firm of Winchester Commodities unearthed details of a huge transaction struck in mid-1993 with Sumitomo. It was code-named "Radar" and involved 1 million tonnes of copper, equivalent to 10 per cent of the world's total production.

While Winchester was cleared of wrongdoing in connection with Radar, the SFA learned that in the space of three months Mr Hamanaka had lost more than \$140 million dealing with the British broker. Winchester booked a profit of \$90 million.

An initial eight-week inquiry into Winchester was subsequently widened to cover a series of massive deals struck with Codelco, the state-owned Chilean copper agency, which had discovered losses on copper trading amounting to over \$200 million in early 1994. Winchester's dealings with Codelco were cleared by the SFA.

The SFA confirmed it was investigating with police.



Yasuo Hamanaka... key role in setting world prices

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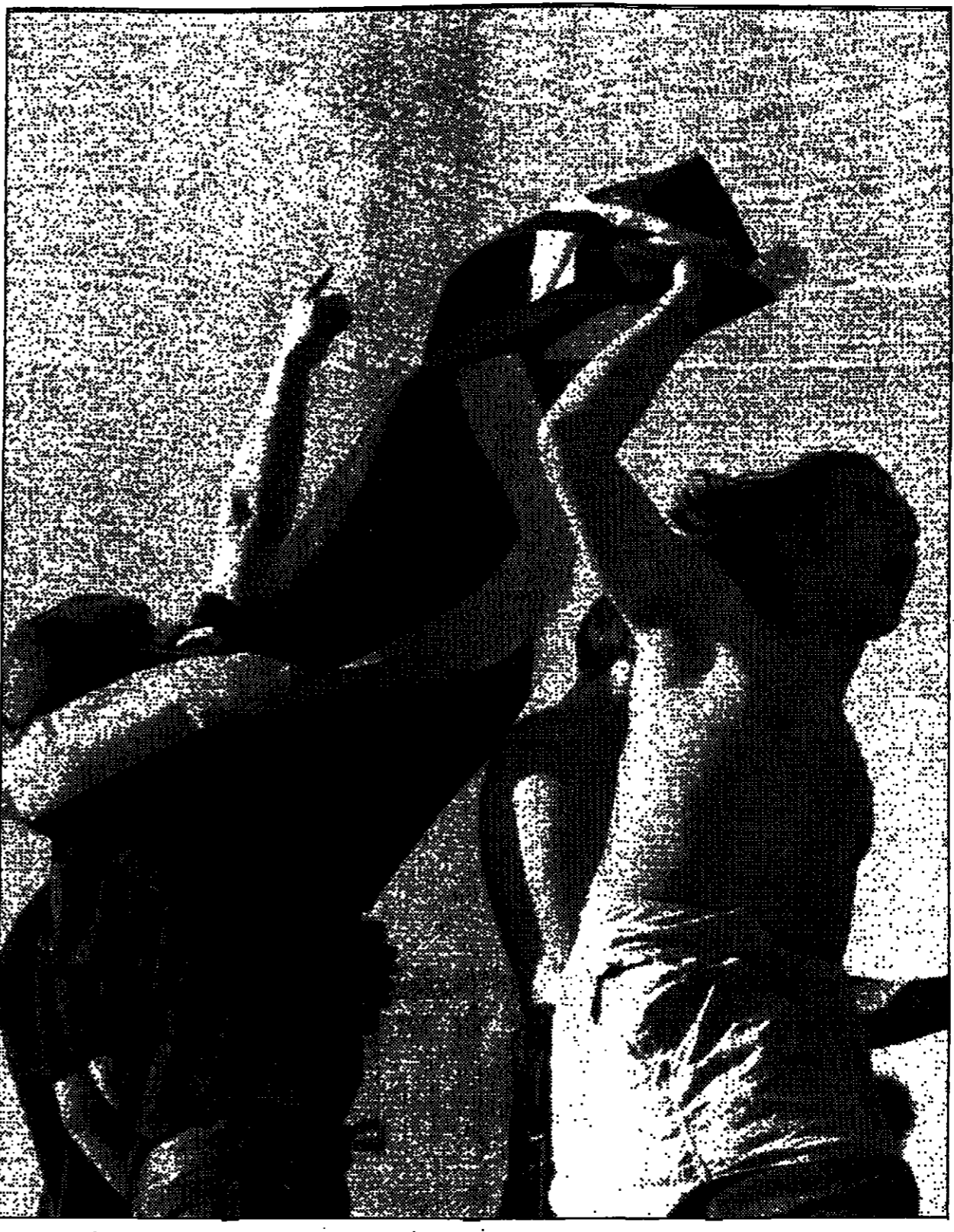
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SOCCER fans mark the arrival of the 20,000-strong Tartan Army which descended on London last night, requiring an extra 1,000 officers over the weekend to keep the peace for today's Euro 96 match at Wembley between England and Scotland, writes John Duncan.

Police were hoping for a repeat of the good-natured scenes in Birmingham for the Scots game against Holland, and early signs yesterday were good as the first pipes arrived in Trafalgar Square. PHOTOGRAPH: TOM JENKINS

## I've had a bellyful, says Major

Rebecca Smithers Political Correspondent

JOHN Major yesterday said he had a "bellyful" of Tory infighting, warning party activists that they cannot afford to be distracted from their main task of winning the general election. His exasperated appeal for party unity followed a fresh bout of internal squabbling, sparked by Baroness Thatcher and rebel backbenchers.

The Prime Minister, clearly worried by the increasingly confrontational feud over policy on Europe, made no direct reference by name to his predecessor who on Thursday renewed her feud with him by making a substantial donation to Bill Cash's European Foundation — or the dissident MPs.

But one of them, Harrow East MP Hugh Dykes, had earlier fuelled the row by accusing government whips of a "hysterical reaction" over his battle to save a hospital casualty department in North London. He and Sir John Gower, MP for Epsom North, had threatened to denounce Mr Major's Commons majority of one unless the 24-hour unit at Edgware Hospital was kept open, and were given a serious dressing down by the Chief Whip, Alastair Goodlad, after their "victory" was leaked to the press.

Departing from the prepared text of his speech to the Welsh Tories' conference in Portcawl, Mr Major told delegates: "There's no time for distractions. We can't afford them. We need to go out there, on to the doctores, all of us without exception, fighting the Conservative cause and putting our case to the nation that would face such difficulties were they to have an alternative government."

In an interview published yesterday in the Western Mail, he said: "The Govern-

ment's policy on Europe is set out in the white paper. I am not going to be distracted by noises off on one side, or noises off on the other side. I have had a bellyful of that."

His warning came at the end of a disastrous week for the Prime Minister, marked by a series of damaging rows over Britain's future in Europe, which included the provocative intervention by Lady Thatcher.

But while the Prime Minister was issuing his plea for unity, Mr Dykes said during a constituency visit that the party's treatment of him and Sir John was "over the top".

He warned Mr Major that the Conservatives would lose the general election unless the party scrapped its "fantasy of right-wing nonsense" and returned to centrist-ground policies.

In his statement, he said: "I am staggered and appalled at the absurdly hysterical reaction of my party colleagues to

the quite legitimate and proper initiative that John Gower and I have taken recently to save Edgware Hospital emergency services."

He accused the Whips' Office of behaving like "hysterical children" and called Mr Goodlad "pathetic".

But the Conservative Party chairman, Brian Mawhinney, refused to criticise Mr Dykes in an attempt to play down the row.

Labour pounced gleefully on the squabbling. The deputy leader, John Prescott, said: "While John Major complains that he has had a bellyful of problems inside his own party, he should realise the nation has had a bellyful of his government."

Lady Thatcher had earlier left her Belgrave home stone-faced and refused to make any comments on her endorsement of Mr Cash.

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## Honours for pop fiction queens

Ruth Rendell and Joanna Trollope are among the stars in today's birthday line-up

Rebecca Smithers

JOHN Major today honours two heroines of Middle England's taste in fiction when he gives a CBE to the crime writer Ruth Rendell (left) and an OBE to Joanna Trollope (right), pioneer of the "Aga sags".

They are part of a clutch of awards to leading figures from the arts, media and entertainment world published in the Queen's birthday honours list, including a knighthood for George Martin — the musical driving force behind the Beatles — and an OBE for the Bangor-born rock singer Van Morrison.

Among the 62 awards for political service is a rare Labour knighthood — for Ray Powell, the MP for Ogmore and the former pairing whip who last year stood down as the orga-

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The World Society for the Protection of Animals (WSPA) rescues 'dancing bears' and takes them to sanctuaries where they can be free of pain and suffering. But we can't carry out our life-saving work without the support of people like you. Your gift of just £10, or whatever you can afford, will help cut the chains of innocent animals. So please send your donation today. He's counting on you.

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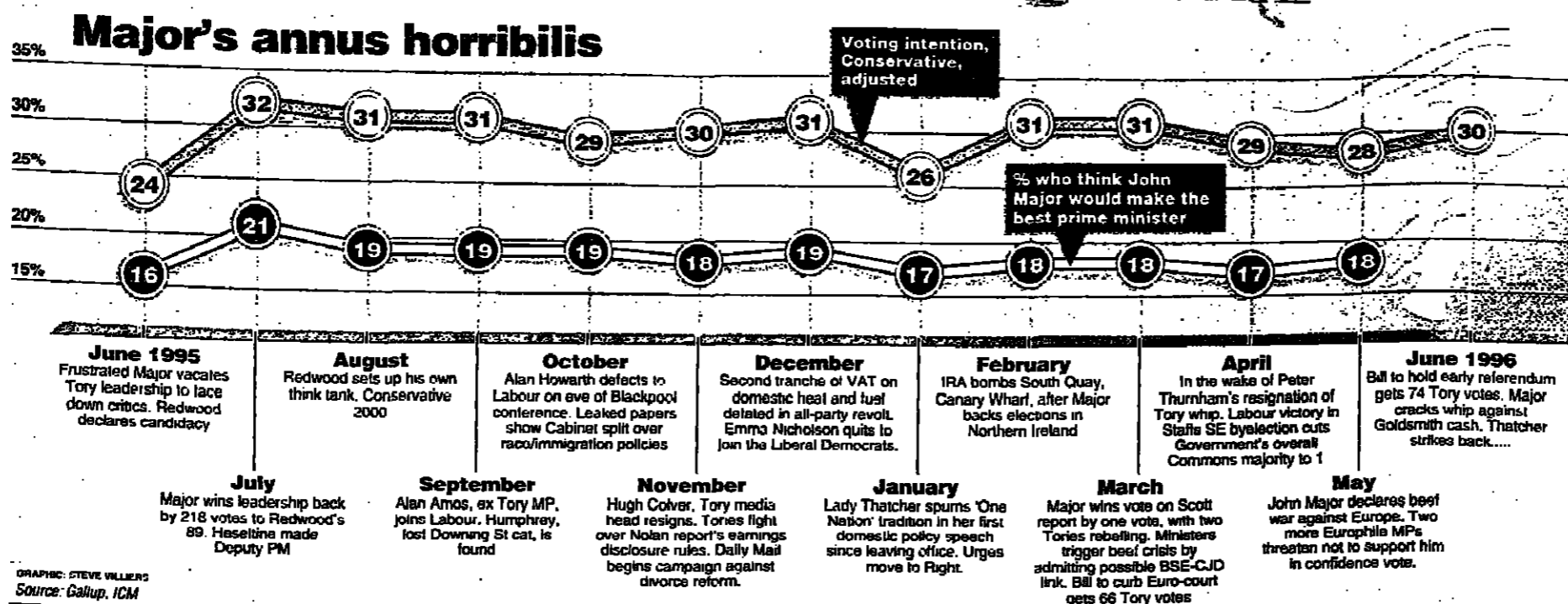
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Please send this completed form and your donation to: WSPA, Dept AL28, Froggatt Rd, Northampton, NN3 6BR. No stamp is needed. THANK YOU. Registered Charity No. 262909



'So let me say to the country and to the Conservative Party: there is no time for distractions. We need to go out there on to the doorsteps putting our case to the nation'

— John Major yesterday



'The Tory party likes balls... Redwood showed he'd got them. He'll be the candidate of the right, not Portillo, when the time comes. But he'll lose, of course'

— Thatcherite backbencher

# Major's year: Out of the blue, into the deep

A week, they say, is a long time in politics. For the Prime Minister, a year has proved an eternity. Michael White reviews the events since he defeated John Redwood

POOR John Major. Almost exactly a year after he saw off John Redwood's leadership challenge his premiership looks like Groundhog Day, the film in which Bill Murray plays a weatherman stuck in a time warp which brings him back to where he started the previous morning.

Malcolm Rifkind was given a chance to shine in Douglas Hurd's post, but only by doing the boss's bidding — trimming to the Eurosceptical Right and offending his old friends. Stephen Dorrell embarked on a similar journey.

Jenkins of his party who delivers a sound economic legacy to the other side.

Gillian Shephard, briefly tipped as a potential leader, has been battered over education, not least from Mr Major's own policy unit. Even Michael Howard, riding law and order hard, currently looks a better bet.

The one Tory politician who has survived into the final year of the present Parliament in better shape than a year ago is the man Major beat: his erstwhile Welsh Secretary. Forty-five today, Mr Redwood behaves like a man who is having a good time. And so he is, scarcely off the airwaves, the public platform or the weekend rubber chicken circuit of Tory activists who usually find him less of a Vulcan than they feared.

Redwood behaves like a man having a good time. And so he is. He has become famous — and likes it



letter to John Major resigning from the Cabinet to run for the recently-vacated party leadership.

"The Tory party likes balls," one Thatcherite backbencher said midweek. "Redwood showed he'd got them. He'll be the candidate of the Right, not Portillo, when the time comes. But he'll lose, of course" — not least because his very success has split the Right's vote, making more likely a centrist succession to

Anyone less charismatic could be dismissed as an egotistical bag lady. Lady T remains the Great Blue Shark



the Defence Secretary's natural allies, in the same way his SAS speech did at the Blackpool conference.

Plenty of rightwing Tories believe Mr Portillo is still their man of destiny and will bounce back. For the moment, last summer's intrigue remains damaging. Both sides of the story are not fully known. But the Redwoods say Peter Lilley, Mr Portillo and Mr Redwood all hovered on the brink in the days after Mr Major threw down the leadership gauntlet. Frantic telephone calls took place over the weekend before the challenge.

When the Welsh Secretary decided to make his move he made one final call to Mr Portillo, saying he was resigning, but that if Mr Portillo did too, he would stand aside and support his rival's then-stronger claims. "Michael said 'I can'," says an insider. Fair enough, except that three days later Portillo-backers were found to have installed extra phone lines in a nearby house, just in case the contest went to a second round. Neither brave, nor loyal, was the snap conclusion which has stuck.

Not for the first time Mr Major, the supreme tactician, thus survives because there is

no more widely acceptable alternative. Though Conservative Central Office is raising money and making plans for an October election, just in case, he probably has until May 1, 1997 to stave off election defeat.

Mr Major retains a few aces. As Messrs Clarke and Heseltine never tire of predicting, voters' rising disposable income may restore a little feignoodery. The Northern Ireland peace process

Who could predict a row over Goldsmith would blow up so dramatically Thatcher would intervene?



resentful Tory MPs than they feared. After all, they survived the humiliation of Lord Justice Scott's indictment of the shabby arms-to-Iraq policy without losing a single minister — though the coming reshuffle may tweak that verdict.

What last week illustrated was the danger which the supposedly unflappable Harold Macmillan highlighted when asked what kept him awake at night. "Events, dear boy, events."

Who could have predicted that a television studio row over Goldsmith gold going to the European Foundation would blow up so dramatically that Lady Thatcher would intervene?

And then there was the row over Edgware Hospital. When the Europhile Hugh Dykes and the quixotic Sir John Gorst (having defended the right not to join a union at Grunwick, he later backed the right to do so at GCHQ) twisted Mr Dorrell's arm for a proper casualty unit, they did their constituency duty.

Things only went wrong when they struck a deal and tried to withdraw the threatened non-co-operation story they thought they'd given to a local fresheet, not to the mighty Major-sceptic Daily

Telegraph, which printed it anyway. Blackmail, cried loyalists. Cowardice, cried the Opposition.

By such slips do falling governments fall into the abyss. But the week's turmoil inadvertently served to assist Mr Major's survival in a more important respect. It distracted attention from a looming compromise over beef.

There is every sign that Euro-moderate ministers, Mr Rifkind to the fore, want a

Michael Portillo's star has dipped. Even the row over his 'noisy' office party offended some natural allies



deal with Europe before next Friday's summit in Florence. The Right do not want a deal. They have forced the Grand Old Duke of Britton up to the top of the hill and they do not want him coming down again in a hurry. And they may get really angry if he tries.



One year after beating off John Redwood, John Major faces another round of feuding

Major, a Rifkind, a Lang or even a Dorrell. He has become famous — and likes it. Gill Redwood insists that her husband looks years younger than he did that fateful morning, June 26, 1995.

Shortly after breakfast — a year ago next week — he sent a "Dear Prime Minister..."

He seeks to synthesize global free market economics with traditional Toryism: a nation which can cope with the unavoidable challenge of Asia because it is rooted in a stable and secure society; post-Thatcherism whose goals, not means, are not so different from New Labour's.

Not every Tory agrees either that he will be the Right's candidate or that he will lose. Cabinet ministers are, unsurprisingly, grumbling about their ex-colleague. "He's used the freedom he gained to make himself known. That's not very difficult," one said this week.

A former minister was more blunt. "Redwood? Yes, he's clever in a desiccated way and he's trying to make himself more human. He goes around grinning all the time. It reminds me of Malvolio."

Says another: "Let's face it, the Right have the infantry, but the Left still has the leaders. Neither Portillo or Redwood has quite got what it takes."

Two points are indisputable. One is that Mr Redwood has avoided unduly antagonising his party: it is unlikely, but not impossible, that Mr Major could yet invite him back, unlikely, but not impossible, that he would accept.

The contrast with Norman Lamont blundering in all directions in search of an issue is instructive. Mr Redwood quietly backed Bill Cash's bill, while Sir James Goldsmith did it noisily. Mr Lamont addressed Jonathan Aitken's source on the option of leaving the EU. Mr Redwood thought it wiser not to attend. Lady Thatcher and her Goldsmithite guru, Alan Walters, blundered into the Cash cash row. Mr Redwood lay low.

The other clear point is that Mr Portillo's star has dipped since Mr Redwood's challenge. Even last week's petty row over his "noisy" office party during the Beating of the Retreat offended some of



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Outlook page 15

News in brief

Bra poster provokes record complaints

AN advertisement for a bra has attracted a record number of complaints since it appeared on billboards less than a month ago. One hundred people contacted the Advertising Standards Authority about the poster for Gossard Glossies, which features a model reclining in a haystack, wearing only a see-through black bra and pants.

Pilot 'saved spectators'

A PILOT who died after steering his plane away from spectators at an air show was praised yesterday. The Wiltshire coroner, David Masters, said Robin Bowes, aged 51, a display pilot, was obviously brave and skilful.

Charity to aid Sinai monastery

A CHARITY inspired by the Prince of Wales and dedicated to restoring a monastery built on the site where Moses received the Ten Commandments was launched yesterday. The St Catherine Foundation — Prince Charles is its patron — will work towards the preservation of the Monastery of St Catherine on Mount Sinai.

Girl, 9, claims rape by boy

POLICE are investigating a claim by a girl aged 9 that she was raped by a boy of the same age. Specially-trained detectives are waiting to interview the girl after she told a relative that the incident happened on Thursday in Bolton, Greater Manchester.

Apology

THE shooting of a British soldier by an off-duty policeman in Cyprus, reported in News in Brief in early editions yesterday, happened in April. We apologise for the inadvertent repetition of this item.



Joanne O'Brien: 'I am not quitting now and going on to the Brownies — I want to stay with the cubs'

Girl cub legally allowed to stay in pack

Gary Younge on a child's victory

JOANNE O'BRIEN, from Chinnor in Oxfordshire, had always wanted to be a cub. Her father, who died of a heart attack last year, was a scout leader, and eight-year-old Joanne was keen to follow in his footsteps.

Leaders who head cub packs in Chinnor said they would resign — despite a ruling in 1991 that girls can be cubs provided there is a female leader with the pack.

"I am really enjoying myself here and I will not leave the pack. I don't want to leave my new friends."

Pledges ease millennium crisis

John Ezard

A CASH drought threatening the grandiose Millennium Exhibition planned for Greenwich eased last night as industry started to pour in promises of multi-million pound support.

for the Millennium Commission will come on Tuesday, when its leaders consider a report from Mr Heseltine's chief fund-raiser, Peter Levene, on how much commercial interest exists in the project and whether it is viable.

project stressed their optimism yesterday, there were signs that next week could still be tense.

Driver jailed for road rage

A LIMOUSINE chauffeur who throttled a moped rider until he was unconscious in a road rage attack was jailed for nine months yesterday at Southwark crown court in London.

European invasion: thousands of painted ladies arrive from continent

BRITAIN'S eventful relationship with Europe has taken a further unexpected step, with the arrival of thousands of painted ladies from the Continent, writes Martin Wainwright.



strong winds from northern Europe. The insect, a seasonal migrant from Europe, is normally seen later in summer and further south than Wheel-drake Ings, near York, where 3,000 swarmed this week.

Earl's dope growing farm manager gets four years

EARL WALDEGRAVE'S former farm manager was yesterday jailed for four years for growing 900 cannabis plants at his employer's estate.

Advertisement for 'On The Ball' featuring Franz Beckenbauer. Text includes 'Europe's greatest post-war footballer', 'begins his column on Euro 96', and 'tomorrow in the Observer'.

MPs and pop stars attack 'intolerant' students' union president

Gary Younge

THE leadership of the National Union of Students has come under severe criticism from politicians and pop stars over its attempts effectively to silence those who support free education.

you are suspended from the National Executive Committee."

date in the next election for the winnable seat of Eastwood, Scotland.

Hospital in alert for TB 'superbug'

Chris Millill Medical Correspondent

DOCTORS yesterday began to trace 650 former patients of a London hospital, where there have been four confirmed cases of drug-resistant tuberculosis including a patient who died.

contacting all those who we think could have come into contact. In most cases the risk is very small."

Lawyers' leaflet may be pulped in charges row

Clare Dyer Legal Correspondent

THE Law Society has halted distribution of one of its own information leaflets after its vice-president, Robert Sayer, took exception to the number of references to lawyers' charges.

clays Bank had sponsored the booklet at a cost of £10,000, and its logo appears on the back.

Vertical advertisement on the right edge of the page, featuring a portrait of a man and the text 'Scho' and 'T'.

Handwritten signature or mark at the bottom center of the page.



'Once these boys have been thrown out of school they have whole days to fill and nothing to do with themselves. They get involved in petty crime and local gangs, and end up in trouble with the police'

Trevor Phillips chairman of Runnymede Trust



A car torched by rioters during last December's clashes in Brixton, which led to 22 arrests. The disturbances followed the death of Wayne Douglas in police custody

PHOTOGRAPH TOM JEWKINS

# Schools exclusion of blacks 'caused Brixton riot'

Think-tank finds education conflict behind last year's clashes, reports Gary Younge

THE high number of young blacks being excluded from school was one of the prime causes of last year's riot in Brixton, according to the chairman of one of the country's leading race-relations think tanks. "One of the driving forces that led to the disturbances

trust, due to come out next week which has been obtained by the Guardian, one third of the 15 to 23-year-olds from Brixton, chosen for interview by random selection, had been permanently excluded from school. In the wake of the riot in December, 23 people were arrested on theft, burglary, public order and criminal damages following almost six hours of fighting, missile throwing and looting. The rioting was sparked by the

death of 26-year-old Wayne Douglas in police custody but those involved in the study believe exclusion from school remains one of the most important underlying factors in the alienation young black men feel in Brixton. The study, entitled "This is where I live: stories and pressures in Brixton," contains first person accounts by young black men in Brixton. It targets education, policing, a lack of role models and unemployment as key problems.

"Once you mention Brixton to somebody they automatically think, bad boys, the robberies, the theft and all that sort of thing. I feel pretty cheesed off about it because this is where I live," said one man interviewed in the report. Afro-Caribbean boys in the area are three times as likely to be excluded from school as whites, according to Lambeth education department. They are also twice as likely as other boys to leave

school unemployed, leaving about half of all Afro-Caribbean men under the age of 25 in the area on the dole.

Afro-Caribbean girls, however, perform as well as white girls and better than white boys. "Once these boys have been thrown out of school they have whole days to fill and nothing to do with themselves," Mr Phillips said. "They get involved in petty crime and with local gangs, and end up in trouble with the police. It makes so much of the debate about curfews irrelevant because so much of what is going on in Brixton goes on during the day when these people should be at school."

He has joined youth workers in the area in calling for greater liaison between teachers and parents.

## Danny

I GOT one of the highest marks in the 11-plus and my mum sent me to a school in another area which had a good reputation. There were a lot of old white people around, and I could be walking past with two of my friends and they'd be clutching their bags and crossing the street, expecting us to attack them.

Most teachers were good. They helped you out if you needed it and you could stay behind and talk to them. A week before we were supposed to go on work experience, a friend of mine brought an air gun to school that fired toy pellets and was messing about

with it in the playground. When I came back from work experience the head of year asked me if I'd shot someone. I told him that I hadn't and the boy who owned the gun told him what had happened, but I was still expelled.

I was out of school from March until September, not doing anything, just staying at home and trying to find another school.

I wanted to do re-takes but ended up wasting a whole year. Now I'm doing four GCSE's at college and am on course to pass them all. I want to do something in the arts, probably graphic design - there's a lot of money in that. I would have been in my second year of A-levels now. The expulsion messed everything up.

## Lying to police 'no bar to holding gun licence'

Erlend Clouston

LYING to the police should not necessarily be a bar to obtaining a gun licence. Lord Cullen's inquiry into the Dunblane massacre was told yesterday.

The senior officer who ignored a colleague's condemnation of Thomas Hamilton's personality claimed that the critical assessment was irrelevant to Hamilton's right to possess a firearms certificate.

Douglas McMurdo, the former deputy chief constable of Central Scotland police force, was giving evidence on the 13th day of the inquiry into Hamilton's massacre of 16 schoolchildren and their teacher on March 13.

The inquiry has already heard how the head of Central Scotland's child protection

unit had warned Mr McMurdo, in charge of issuing gun licences, that Hamilton was a "scheming, devious and deceitful" individual.

Giving evidence for the second day, Mr McMurdo, now assistant chief inspector of constabulary for Scotland, told Lord Cullen that a licence applicant could be "scheming, devious and deceitful in certain circumstances where it would have no bearing on whether he could be entrusted with a firearm".

No action was taken against Hamilton on the grounds that he had never been charged with any offence, despite the fact that firearms legislation stipulates that gun licences should be refused to applicants of "intemperate habits or unsound mind".

Senior crown counsel Ian Bonomy has excused missing teenager Vicky Haggart, aged 13, from testifying before the Stirling-based inquiry. She had been due to give evidence about the time she spent with her mother at one of Hamilton's summer camps, but disappeared from her Aberdeen home at the weekend.

She was found yesterday in Aberdeen and reunited with her mother.

William Garnett, aged 36, brother of the Heritage Secretary Virginia Bottomley, yesterday won back his shotgun licence in an appeal at Knightsbridge crown court. The Metropolitan Police had revoked his licence after burglars stole the gun from his holiday home on the Isle of Wight. He had admitted keeping the weapon in an unsafe place and was fined £100.

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All sides are looking ahead to deals to be made in the second round if no candidate wins a clear victory tomorrow

# Boris Yeltsin's fateful power-play

On the eve of post-Soviet Russia's first democratic elections for a head of state, Boris Yeltsin declared at a final rally that he was prepared to change his government 'very seriously' if he wins tomorrow's elections.

It was the last throw of the dice in a violent and unfair campaign. DAVID HEARST (below) and JAMES MEEK (left) report on the scenarios and the characters in a contest that could take Russia to the brink of political confrontation

**B**ORIS YELTSIN would rather play with his nine-month-old grandson than rule Russia, but duty calls. He really has to save Russia from the Reds. These are the latest sentiments expressed by the former communist local party boss, who knows that a ruler's power is absolute and rarely surrendered voluntarily.

Asked whether he was prepared to lose tomorrow's elections, the president replied: "No, I'm not prepared... Half a year ago I was ready to step down. Now that I have already entered the fight, I'm not ready."

A former close colleague from Mr Yeltsin's democratic days said of him: "He has a face distorted by will."

Much has been written about the president's slick multi-media campaign, but in the end personal qualities, such as his tenacity in the face of adversity, have counted for as much. In an election where too many people have too much to lose, it must be assumed that Mr Yeltsin will use any means, fair or foul, to stay in power.

He would prefer a clean win. Even the most optimistic pollsters deny him that, but he has said he will win the requisite 50 per cent plus one vote and has forbidden his campaign teams to work on a second-round strategy.

Many Yeltsin supporters in Moscow and St Petersburg will spend Sunday at their dachas. Then there is Russia versus Germany, a Euro 96 football match with live coverage starting just as they get home. Will they then go to the polls after a defeat at the hands of the Germans? This democracy thing is complicated in Russia.

The most likely outcome is



Historic day... Soldiers in Orekhovo-Zuyevo, near Moscow, move a ballot box into position yesterday, in preparation for tomorrow's election

in for talks with Mr Yeltsin on a possible deal, his opening gambit was to slam down a list of four ministers whose dismissal he was demanding.

His electorate are intellectuals, fed by conspiracy theories in the liberal press. Their minds are made up, and many would rather not vote than choose between two evils. They are the least disciplined voters and Mr Yavlinsky has little power to tell them whom to back.

The worst third man for Mr Yeltsin would be Mr Zhirinovskiy, who has, ominously, been preparing for the role of honest broker. Whatever vibes his blue Euro-umbrella is intended to convey, his heardand is an angry, lumpen, radical nationalist one. His supporters are small businessmen excluded from the democrats' share-out of the goodies, who now want a piece of the action. Their natural allies are the nationalists of Mr Zyuganov's National Patriotic Forces.

Mr Yeltsin would have two

main choices after a first-round result which left him uncomfortably close to Mr Zyuganov.

The first — the constitutional way of staying in power — consists of offering Mr Lebed a place in his government and trying to bring on board Mr Yavlinsky's supporters. This could be achieved by offering Mr Yavlinsky some of the resignations he has demanded. The aim would be to build an anti-communist alliance capable of limiting Mr Zyuganov to his core support of 20 million-25 million votes.

The second scenario is to use the unlimited executive powers of the presidency to call a temporary halt to the electoral process.

There is no shortage of crises that Mr Yeltsin could press into service. The peace agreement with Chechen rebels is unravelling. More bombs could go off in Moscow. Either could tempt Mr Yeltsin to declare a state of emergency. This risky strat-

egy would spark unrest in communist regions, such as Kamertovo, which would be difficult to suppress forcibly.

Mr Yeltsin could mitigate protests by opening negotiations with Mr Zyuganov to form a broad coalition government, with an agreement to change the constitution to allow Mr Yeltsin to remain president for two years, pending new elections.

Another way of postponing the second round would be for Mr Yeltsin to allege grave incidents of falsification during

the vote count.

This could entail either local recounts, or a declaration that the whole election has been invalid, and the dismissal of the central election commission.

Alternatively, Mr Yeltsin could make use of his own weak health. If negotiations became too tough, it could be announced that the strain of campaigning was too much for the 65-year-old, who has already suffered two heart attacks. In this case, the executive powers of the president

would pass to the prime minister, Viktor Chernomyrdin, who has remained remarkably silent during the president's campaign.

New elections would have to be held in three months' time, but then all bets would be off.

Mr Zyuganov's freedom of action is more limited after the first round. A strong result for him would be 25-30 million votes — 25-29 per cent of the electorate. This would leave him needing only 5 million more votes in the

second round for a victory.

If Mr Zhirinovskiy gets less than 25 per cent in the first round, the performance of the also-rans will become important — people such as Svyatoslav Fyodorov, a millionaire eye surgeon, and Yuri Vlasov, a weightlifter. Mr Yeltsin's advisers are preparing for all eventualities. So far they have shown no lack of ingenuity in keeping their man in power.

Leader comments: David's horse, Outlook, page 14



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### News in brief

#### Peaceful end to siege

Prosecutors in Jordan, Montana, prepared to press criminal charges yesterday against members of the anti-government Freemen group who surrendered peacefully after holding out for 81 days on a ranch ringed by about 100 FBI agents.

Fourteen of the final group to leave the ranch face criminal charges, including seven accused of threatening to kidnap and kill federal officials and taking part in an alleged \$1.8 million (£1.2 million) cheque fraud scheme. The other seven are accused of assisting federal fugitives to avoid arrest. — Reuters.

#### Rebel leader freed

The Bangladesh government yesterday released the former army chief, Lieutenant-General Abu Saleh Mohammad Nasim, who was detained after refusing to obey a presidential order to retire two commanders. — Reuters.

#### General accused

A Paraguayan judge issued an arrest warrant yesterday against the former army chief, General Lino Oviedo, accusing him of insurrection for resisting orders to surrender his post last April, a local radio said. — Reuters.

#### Kurdish killings

Turkish troops backed by fighter planes, hunting for Kurdistan Workers' Party guerrillas, have killed 51 Kurdish rebels in two days of fighting that spilled over the mountainous border into northern Iraq, security officials said yesterday. — Reuters.

#### Air crash raiders

Investigators suspecting criminal negligence in the aborted takeoff and crash of an Indonesian jet raided two of the airline's offices in southern Japan. — AP.









EURO 96

Group C: Czech Republic 2, Italy 1

Apolloni sent off as Italy crumble

Tom Ross at Anfield

THE Czech Republic sprung the surprise of Euro 96 last night and Italy may have to settle next Wednesday to avoid an ignominious early exit from the competition.

Italy's coach Arrigo Sacchi arguably maximises the squad system better than any of his current international contemporaries and after Tuesday's smooth win over Russia he shuffled a pack of so many aces. It made for an interesting contest.

The Czech Republic may be sustained more by spirit than by skill but it took them just a few minutes to remind the more cynical that even those teams with the look of cannon-fodder have the potential to surprise.

Something of a collector's item it was too with an Italian defence initially apprehensive and then thoroughly undone by a swiftly constructed and precise attack.

There was some substance to Italian claims that one, possibly two, Czechs were standing in offside positions as Pobrsky drilled in a cross from the right after five minutes.

However, they did not appear to be interfering with play. As Pavel Nedved collected and from a position of splendid isolation stabbed effortlessly beyond Peruzzi.

The Czechs continued to prod away at Italy's rather

tender underbelly but 18 minutes later they were undone by their own pronounced sense of ambition.

Suchoparek's attempt to make ground down the left was halted by Enrico Chiesa who hurtled forwards. Having fed the overlapping Fuser, he danced his way into the penalty area to slide home the second goal of his international career in only his second appearance for his country.

A nice enough moment but one almost forgotten 10 minutes later when Italy's centre-back Luigi Apolloni was dismissed — rightly so — for a second bookable offence.

Having clattered into Kuka early on, he foolishly and ridiculously repeated the offence under the nose of the referee. The decision to dispatch him to the dressing room was barely contested.

The mood of the evening swung once again. Ten minutes before the interval the underdogs growled again. Radek Bejbl arriving unannounced between Donadoni and Mussi to sublimely steer in Kuka's excellent cross.

The better chances fell Italy's way in the second half but on those occasions when the Czechs' discipline deserted them, Maldini shot high and Casiraghi wide.

Czech Republic: Kouba; Lalai, Suchoparek, Kadlec, Horak, Nedved, Roberny, Neman, Berger (Sincor, 64), Bejbl, Kuka.

Italy: Peruzzi; Mussi, Apolloni, Costacurta, Maldini, Fuser, Baggio (Carboni, 80), Albertini, Donadoni, Chiesa (Cobi, 77), Pizzetti (Casiraghi, 58), Materassi, I. Nesi (Spain).



Coach driven... Paul Gascoigne will carry the hopes of Terry Venables against Scotland. 'He'll be giving everything,' the coach said

Gascoigne in search of redemption

IT IS five years, give or take a couple of weeks, since Paul Gascoigne emerged into the Wimbledon spotlight possessed by emotions beyond his control. On the coach, in the dressing room, in the tunnel, such a fever grew inside his head that it consumed him. Within minutes of the start of the 1991 FA Cup final, he had destroyed himself.

Terry Venables was in charge of him that day, if anybody can ever be said to be in charge of Gazza. He looked on as the player went lunging at his opponents, wrecking his knee and, effectively, his career as well. After that, like the rest of us, he watched Gascoigne endure five years of pain and disappointment of frustration at being unable to do the one thing he can do better than anybody he knows; and, to go with it, five years of wallowing in Murdoch culture, egged on by people who live well off his tragic foolery.

This afternoon Venables will watch from the same seat as Gascoigne takes the same stage to face what for him represents the most highly charged match since that extraordinary day. Suddenly, if their destinies are entwined once more.

Yesterday morning Gazza left the rest of the England squad to their practice, jogging quietly away from the cameras, across the lawn and into the privacy of Bisham Abbey's changing rooms. But he remained the focal point of all conversation.

At Venables's press conference, the coach talked about ways of protecting his most creative player during today's match against Scotland. He is not the first to confront the problem. When Gascoigne

Richard Williams on the England enigma who, after five years of disappointment, may yet come good today

was a Lazio player, he briefly operated in a special formation. Behind Gazza, two other midfielders were employed solely to win the ball for him and then protect him while he made use of it. They called it the Gascoigne Triangle.

The question is whether something similar will be required if the Scots pay particular attention this afternoon to the man who won their own Player of the Year award. Venables thinks they will. "I'd be very surprised if they didn't make special arrangements for him," the

coach said. "And I've got to take that into consideration." The English assumption is that he will be man-marked — probably by Stuart McCall, his Rangers team-mate. "I'd say that's a distinct possibility," Venables observed. This time, however, the coach feels there is no danger of Gascoigne detonating himself in what is bound to be an explosive game.

I don't think he will. He knows that if he gets into a situation where they're trying to wind him up, he's got to keep cool. I've spoken to him about many things that I expect; it's not just that, but that would be one of them.

How does he want Gazza to approach the game? "Like he always does. He's read about his football. That's always underrated. There's only one thing he wants to do, get his shirt on and play for England. He'll be giving everything. I was pleased with him last week; if he can produce that again, that'll be fine."

Saints sack Merrington as Birmingham chase Papin

DAVE MERRINGTON yesterday became the first Premiership manager sacked this summer, only a month after he helped Southampton avoid relegation.

Walsall's manager Chris Nicholl, himself sacked by Southampton, is rumoured to be favourite to take over.

Birmingham City are hoping to sign the 32-year-old former French international Jean Pierre Papin for £1 million from Bayern Munich.

Edgars sent home after row

EDGAR DAVIDS, who was expected to be Holland's inspiration in the championship, was sent home last night after a row with the coach Guus Hiddink.

The bust-up came after the Milan-bound midfielder was dropped for Holland's victory over Switzerland on Thursday.

Hiddink demanded an apology. Davids refused to back down and the coach told him to pack his bags. The player flew home last night and will play no further part in the tournament. "This wasn't an

Euro 96 results

Table with 4 columns: Group, W, D, L, Goals. Rows for Group A, B, C, D.

Table with 4 columns: Group, W, D, L, Goals. Rows for Group A, B, C, D.

Table with 4 columns: Group, W, D, L, Goals. Rows for Group A, B, C, D.

Table with 4 columns: Group, W, D, L, Goals. Rows for Group A, B, C, D.

Germans romp in nude



WE ARE sad to report that the good folk of Macclesfield (MP: Nicholas Winterston) have had enough of naked German footballers cavorting in the sauna. Have these foreigners no shame — or fluffy towels?

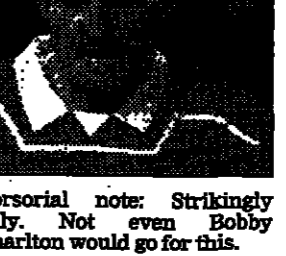
British guests at the team's luxury hotel have quite rightly complained about this disgraceful behaviour, and a fully clothed Bertl Vogts was yesterday shamed into issuing a public explanation. Rather feebly he suggested that chaps do that sort of thing all the time in Germany and he expressed surprise that anyone could take offence at the sight of Jürgen Klinsmann's backside. "I knew that in Finland all you need in your hand is a glass of schampans. In Russia you just need a hat. It seems that in England you must have your trunks," he said. "You have to know."

AND while on the subject of funny foreigners, here's an urgent travel update from the Bulgarians. Having swapped Scarborough (too boring for Stockton, they were supposed to move on to Durham. But wanderlust got the better of them again yesterday when they bypassed their scheduled stop-off — Redwood Hall (not enough shops) — in favour of the Holiday Inn, north of Newcastle (nice swimming-pool). "I am told this move is definite — for now," said their liaison officer, who has hot-tailed up the motorway in pursuit.

VALIANT attempt by London Transport to make German supporters feel welcome has backfired. Passengers arriving on the Eurostar at Waterloo Station are greeted by a poster asking "Are you going to Wembley?" and offering advice on the best route. Which would all be very nice if the German translation, immediately underneath, said the same. Unfortunately "Gehen sie nach Wembley" means "Are you walking to Wembley?"

THOSE wishing to get away from the Tartan hordes today should head west to Bath racecourse and the Give Wembley A Miss Limited Stakes at 4.40pm. Clearly not a race for Gazza; it's for stayers over a mile and a half.

Ridiculous haircuts that Gazza should consider. No. 2. Vlastislav Nemcek (Czech Republic, below).



Torsorial note: Strikingly silly. Not even Bobby Charlton would go for this.

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# Sports Guardian

## EURO 96

# Platt holds key to England

### David Lacey on what Wembley can expect for today's epic encounter between England and Scotland

THIS afternoon some two dozen young men will kick a ball, and occasionally one another, around in order to decide Britain's future role in Europe. Or at least that part of it which applies to the remaining fortnight of the 1996 European Championship.

A referendum will not be necessary, the Thatcher Foundation need not be disturbed, the only Gorman with a direct interest in the outcome of today's proceedings goes by the name of John, not Theresa, and a gold head, rather than a goldsmith, will be the centre of attention.

The luck of the draw, if it can be so described, has brought England and Scotland together for the first time since English violence in Glasgow before the 1989 encounter forced the abandonment of the game's oldest international fixture. By then the contests had become so drab that scarcely a tear was shed.

This afternoon's match is unlikely to be remembered for the quality of its football.

There is no Jim Baxter to play England off their own park, no Bobby Charlton to leave a regular calling card in the back of the Scottish net.

There is, however, the virtual certainty of a place in the quarter-finals for the winners, along with the dull expectancy of a back seat among the also-rans for the losers. A draw would satisfy Scotland, who meet Switzerland on Tuesday, more than England, who face Holland.

The teams remain unknown although Craig Brown's plans appear clearer than those of Terry Venables. Brown, having switched to a 4-4-2 formation in Monday's goalless draw with Holland, is expected to return to a three-man defence with five in midfield. Venables's formation depends on the state of David Platt's damaged rib muscles.

Against most expectations Scotland will come to Wembley on a relative high, England on a low. The Scots, having benefited from a penalty wrongly refused, emerged from Villa Park to receive praise for the intelligence of their approach, the fitness of



Bring on the Tartan Tribes... a sizeable Scottish contingent will ensure that Wembley is a riot of colour and noise

PHOTOGRAPH: FRANK BARON

their team and the tenacity of their resilience.

Meanwhile England suffered a media mauling after being held to 1-1 by Switzerland through a penalty wrongly awarded. They were condemned for a second-half retreat which handed the initiative to opponents whose modest aspirations were eventually exposed by the Dutch. Confessions of tired-

ness reactivated accusations of alcohol abuse.

If for no other reason, England need to win to bury their recent past. They should win, especially if the better periods of the Swiss game are maintained beyond half-time. Alan Shearer ought to know more ways past Colin Hendry, his Blackburn team-mate, than any other striker living.

Before this can happen,

however, another contest between club colleagues will need to be resolved. One of the reasons for Paul Gascoigne's success in Scotland last season was that Stuart McCall was on the same side. Now the Rangers midfielder will seek to minimise his club-mate's influence, having already eroded the match-winning potential of Edgar Davids.

After Gascoigne's collapse against Switzerland there were those who felt he ought not to start today. Venables's reaction to this suggestion has been akin to that of Diaghilev being asked whether he intended dropping Nijinsky. "I was very pleased with him last week," said Venables yesterday. "Yes, he may be man-marked tomorrow but I've got to try and make that hard for them." Gascoigne too, presumably.

# Battles to savour

### MARTIN THORPE identifies areas where today's match might be won or lost. Gascoigne v McCall

Beauty and the beast. The hard-working McCall's role just in front of the Scotland back three makes him the first line of defence in stopping his Rangers team-mate's runs into the area. But do not expect any man-marking. "The only answer will be for us to keep the ball away from him," says McCall. Or any physical contact. "We don't want to get him upset so he takes his anger out on us," says Craig Brown. And anyway, adds McCall, "my little daughter idolises him and has asked me not to kick him."

**Shearer v Hendry**  
Craig Brown admits, "This match-up could be decisive." Blackburn team-mates who are as tough, strong and brave as each other, both are good in the air. Hendry has a two-inch height advantage which may prove decisive if England can get their crosses in. But Shearer, with his smaller turning-circle and greater acceleration, will be expected to dominate on the ground, with Hendry relying on Boyd to cover behind should Shearer break through. "Shearer owns the penalty box when he plays," says another Scot among his Blackburn team-mates, Kevin Gallacher. As Hendry likes to do the same, expect an irresistible force to meet an immovable object.

**Ince v McAllister**  
An important job for Ince, sitting in front of the England defence, will be to stop McAllister getting sight of goal to unleash one of his long-distance strikes. With Scotland's forwards not renowned for their scoring, the team rely heavily on McAllister and Collins to shoot from range. Ince will also need every yard of his renowned tenacity to close down McAllister and restrict his forward distribution of the ball. But in doing so the England player must keep his discipline and try to avoid giving away any needless free-kicks on the edge of the area and in prime McAllister range.

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How's it feel, at such a moment in history? he asks. "Not comfortable," I reply, before being ushered through a security door into the witness box, in front of a bulletproof glass screen, in the first international war crimes trial since Nuremberg. Ed Vulliamy

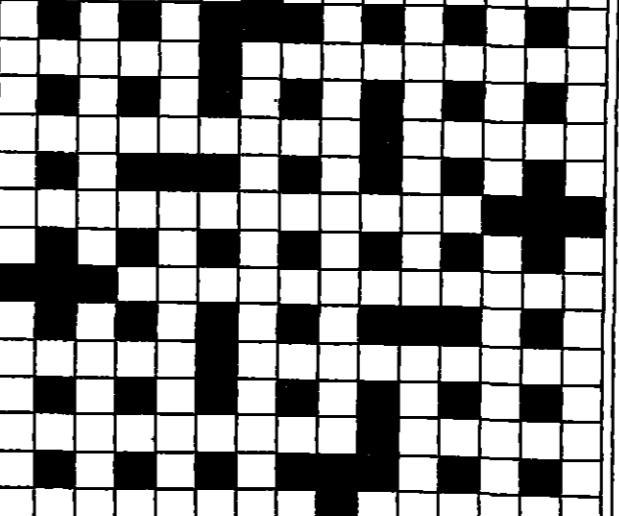
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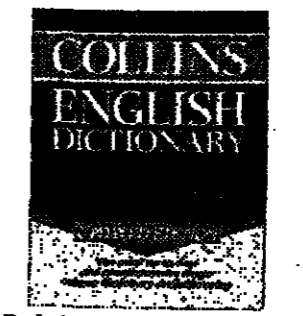
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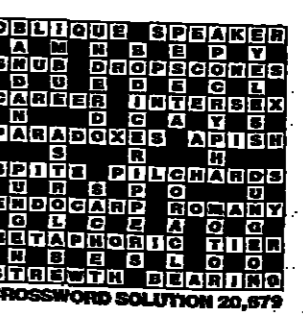
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- A. fever's damage to spleen: a guest soap no way to be seen (4-4)
  - B. full account (start with end) of child with a sinister bend (2-4)
  - C. are diminutive bikes or wreaths worn by classical folks (8)
  - D. for Tim's Lam Paul's advice from French about strength (10,5,4)
  - E. is for Duke and for duke, the one that his leader forsook (8)
  - F. home from far fields with hunt (9,4)
  - G. for this novel this script? Become thick when the monarch has skipped (6)
  - H. for a plant grown inside, a standard the firm waves with pride (5-4)
  - I. is a lobe in the brain, a second in elearpane (6)
  - J. the month's brief, I give thanks, for rulers of military ranks (5)
  - K. is a character Greek, a checker of rates, so to speak (5)
  - L. takes up minimum spaces: an article's entered in case (5)
  - M. ends in cross to keep quiet (6) the dead get their way in a diet (6)
  - N. for the East time for dinner, who isn't (asks vicar) a sinner? (2-3)
  - O. is a cat of the snow; tell the world that the girl has to go (5)



- P. for two more such as KC Madonna and child on last day (5)
- Q. my health is all right; if someone in Surrey, take flight (5,4)
- R. I am making whoopee; not straightforward to tarot me (9)
- S. goes to pubs taking Ryle in simply magnificent style (8)
- T. pen in one tyrant that's free with calm as of satellite's sea (12)
- U. is the next thing to hide—thing cradled on transom (13)
- V. to give out to the cops's for religious brigade double six (8)
- W. unyielding in fight, respected, if not in despite (12)
- X. with ten articles laden, the name (for a blonde?) of a maiden (6)
- Y. when it climbs study road, which barometer or sleepiness showed (8)
- Z. from this tale to ascend ran a business enclosed at the end (8)



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This is the stuff that dreams are made on - copper ore at an open cast mine in Chile, worth a fortune on the metals markets. Yesterday, though, it became the stuff of nightmares as a multi-billion dollar fraud broke and dealers around the world shivered in shock. PATRICK DONOVAN and PAUL MURPHY report

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Chnquicamata open-cast copper mine, Chile  
PHOTOGRAPH: DREXEL NETWORK

# The copper and robbers riddle

**T**HE PLOT for the audacious multi-billion pound copper fraud which was unravelling yesterday in dealing rooms across the world has all the ingredients of a prime-time television thriller. At its centre is a clutch of shadowy deals, the most mysterious called "Radar".

The cast ranges from thirty-something London commodity dealers and a gambling-crazy Japanese broker to some of the world's largest companies, such as the Japanese-based Sumitomo Corporation. The Chilean government is implicated, too, hiring international lawyers to try to trace tens of millions of pounds of missing money.

And all this is set against the glittering backdrop of Guernsey and other offshore boltholes where private companies operated, some because of reasons of tax, others perhaps because they did not wish their financial affairs thrown open to close official scrutiny.

This is a shady world in which the small Guernsey Fraud Squad has found itself engaged in a gigantic investigation involving financial centres across the globe. Yesterday it was joined by Britain's Serious Fraud Office and the City of London Police, who are looking at mainland UK companies suspected of being involved in what astounded traders are describing as the most ambitious global financial fraud: a systematic at-

tempt to siphon off untold profits by controlling the entire world market in copper.

It started out as a web of irregular transactions — code-name "Radar" — that added up to £2 billion in deals and involved a tenth of the world's entire supply of copper. The fraud escalated — but early yesterday morning the elaborately constructed scam was beginning to fall apart as the Sumitomo Corporation announced that it had lost £1.2 billion from what it coyly describes as "unauthorised trading" and that its top trader, Yasuo Hamanaka, had been sacked.

Hamanaka — aged 30 and described by colleagues as being mainly interested in "dice and girls" — may have been unknown in the wider world but within the secretive community of commodity dealing he was the biggest single player. Such is his reputation that the slightest suggestion that he was preparing to deal in the market could move the copper price by hundreds of dollars a tonne.

In major financial centres across the world, bleary-eyed dealers were manning their desks through the night on Thursday, waiting for the opening of the London Metal Exchange. For the City is the linchpin in the world's commodity dealing system — the biggest non-ferrous metals market that turns around £2.5 billion of business a year. Growing by 700 per cent over the past eight years, it has

## Sting 2: sticky fingers

**T**HE GREATEST financial scams have always proved to be the simplest — even in this case, with an individual working for a Japanese corporation running up losses put at \$2.5 billion or more from trading in the arcane world of copper.

The circumstances under which Yasuo Hamanaka, right, head of Sumitomo Corporation's copper trading division, carried out massive unauthorised trades over a 10-year period bear a striking resemblance to another copper market scandal — the Codelco affair of January 1994. On that occasion another lone individual, Juan Pablo Davila, who was responsible for the market dealings of Chile's state-owned copper agency, confessed to making losses of more than \$200 million over five years.

At first this "rogue trader" claimed simply to have made a few minor mistakes and then to have



made London the global centre for metal dealing.

Copper may not be as glamorous as diamonds or gold but it is of huge strategic importance in practically every industrial activity. The metal links together most of the world's telephone networks and provides the guts of electric motors, transformers and printed circuit boards. It's big bucks.

Within minutes of the market opening on Friday, it became clear that Sumitomo's predicted losses were wildly optimistic. As the shock reverberated around the market, the price of copper dropped like a stone. In early trading, Sumitomo's losses were escalating at the rate of \$3 million every minute, sending shivers through the share markets and raising fears of major casualties among finan-

cial institutions with a big exposure to the copper market. Prices, however, recovered somewhat during afternoon trading.

This affair stretches from Chile to Tokyo, from the City of London to the hectic dealing rooms of New York. For the last three years, regulators which monitor these markets have been increasingly uneasy about a spate of switch-back movements in the copper price which could not be explained by prevailing trading conditions. But it was only when 15 members of the Guernsey Fraud Squad, accompanied by regulators from Britain and the US, raided three premises on the island on May 11 that the scale of the complex fraud began to take shape.

The purpose of the raid remains a puzzle. Fresh from

racked up huge losses in a desperate attempt to win back the money. But investigators discovered a number of secret bank accounts, stuffed with cash, in off-shore tax havens such as the Cayman Islands. Payments into these accounts, controlled by Davila, were traced back to London-based metal brokers.

With Codelco now suing several of these brokers, the straightforward charge being made is that its employee knowingly entered into trades with metal brokers which he knew would produce losses. A portion of the profits reaped by brokers in London would then be passed back to Davila through his secret accounts.

The betting now is that Sumitomo has fallen victim to a similar fraud. Investigators from around the world will be tracing which brokers dealt with Hamanaka and who made money.

All we know for sure is that lawyers in at least three continents will be kept in business for years.

that half-a-dozen plain-clothes officers entered the house early last Sunday morning and took away a number of documents. However, Flicker declines to return messages left at his office and staff refuse to answer any questions.

Tracing the ownership of the companies involves requesting files in Le Gratie, the main Guernsey register of commercial businesses. One firm blurs into another: nominee holdings in the Channel Islands disappear into anonymous holding companies in the British Virgin Islands, and the Republic of Ireland. It's like running into a fog.

It is understood that the mysterious Guernsey raid was a major part in a far-more wide-ranging inquiry being masterminded by police agencies and two powerful regulatory bodies — Britain's Secu-

rities and Investment Board (SIB) and the US-based Commodities and Futures Trading Commission. For weeks they have been ploughing through documents unearthed in the raids and discussing the findings privately with companies involved. Earlier this week, it became clear that they could delay no longer. Such was the overwhelming weight of evidence against Yasuo Hamanaka that his employer was forced to admit late on Thursday night that a huge fraud had been unearthed.

The authorities had long been concerned about the running of the market because of the discovery by Codelco, the Chilean state copper concern, that one of its traders — now arrested — had been taking bribes in return for giving international dealing firms hugely favourable deals. Codelco has hired international lawyers in an attempt to get its money back.

But the latest inquiry has shown that irregularities within the copper market go far deeper. The common link is Hamanaka, now reported to be under house arrest. Authorities first became suspicious when news started leaking out about the "Radar" deals involving him and a major British commodity dealing company. The trading coup aroused suspicions in the Securities and Futures Authority (SFA), the City watchdog charged with regulating the London metals market, and a secret investigation was launched in October 1994.

**A** FORMAL, although confidential, inquiry was launched after SFA investigators received what were believed to be unsatisfactory answers to questions about two secret trading accounts. One was codenamed "Radar", the other "Magn".

The probe lasted eight weeks, with a report being produced in December 1994.

This is the tip of the iceberg. Even investigators close to the inquiry admit they still have no real feeling about the extent of the fraud. But clearly it goes well beyond Hamanaka. The police are stepping up the pressure. And others involved will soon find there is nowhere to hide — even in the looking-glass world of the Guernsey super-rich.

*Additional reporting by Owen Bowcott*

# Mrs. Joanne Clarke of Newport

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# Conservative corpse awaits silver bullet



Martin Kettle

THE condition of the Conservative Party today is a bit like the condition of the villain in the last minutes of a Batman or a Star Wars movie. Picture it. The ruler of darkness is finally getting what has been coming to him. Zap. Pow.

Take that, you fiend, Kersplat. And that, Kerpow. Sweet revenge. Then, as dazzling scenes of pyrotechnic destruction fill the screen for the big finish, someone turns to the hero. Gosh, Batman, he says, no one could possibly have survived that. And at the very moment that the schmuck says it, you know for sure that, however improbable it may be, this enemy's secret weapon is survival. Wiped out or not, he'll be back next time. It's the same with the Tories.

At Westminster the party is besieged again. The party's poll ratings are almost unchanged from 1995. Tory MPs privately agree that constituencies with majorities of 8,000 are now unwinnable at the general election.

The Europhobic wing is more audacious than ever. As Bill Cash and friends showed this week. A line of volunteers from right and left — Dicks, Dykes and the rest — queue to shake the dwindling majority still further. Angry shouts can be heard from Lady Thatcher's locked attic. The whips — toothless bulldozers in the Edgeware case — are as hard-pressed as anyone can recall.

Underlying everything is the Conservatives' continuing failure to dent Labour's new majority, not just its poll majority but its command of the political arena too. The Conservatives have moved to the right for many reasons, and not merely over Europe, but Labour has also succeeded in pushing them and keeping them there.

Underlying everything is the Conservatives' continuing failure to dent Labour's new majority, not just its poll majority but its command of the political arena too. The Conservatives have moved to the right for many reasons, and not merely over Europe, but Labour has also succeeded in pushing them and keeping them there.

Liberal Democrats if necessary, but without them if not. It is a nice neat political syllogism. But it is also naive. Whether it turns out to be true depends upon Labour. But it also exaggerates the uniqueness of what is happening to the Conservatives, overstating the newness of the party's current factionalism, and underestimating its ability to regroup in opposition.

could manage only a pyrrhic victory over the pragmatic party establishment. And that was on the basis of a much more ruthless and efficient factional organisation, dedicated to purging the party of free-trader candidates.

## American 'pleasure revengers' are sick and tired of clean living and are revelling in being bad, says CAROLINE SULLIVAN

# Eat, drink smoke cigars and make whoopee

WHAT'S for dinner tonight? Something healthy and low-calorie? Wouldn't you really rather have a cocktail or two, followed by a 2lb steak cooked in butter, then a nice cigar to round off your meal?

are taking to the smelly things in such numbers that restaurants have been holding "women's cigar evenings" at upwards of \$65 per head.



Full of puff... Vanessa Williams, star of the new Schwarzenegger vehicle Eraser

later this year. "People are simply tired of new reports every day about what's bad for you. We're going full-tilt into the next millennium, and after the power-tripping eighties, people want to relax with a good cigar or a four-course meal," says Morton's spokeswoman, Tina Richardson.

and recession. This trend is not completely confined to white thirtysomethings. At least one black Chicago jazz club maintains humidors for its clientele, and Candace Bushnell, a Manhattan clubber-cum-journalist, remarks, "at Prayda (a New York youth spot) everyone drinks Martinis and steals the glasses. I'll smoke an occasional cigar myself. I like small Cuban ones — it's not illegal to smoke 'em, just to buy 'em."

York, which has some of the toughest anti-smoking laws in the country, have banned it entirely, while those that permit it must segregate smokers. Places like Morton's comply, but show where their sympathies lie by declaring themselves "cigar-friendly".

luxuries," says Juli Falkoff, a director of Hennessy cognac. "When the stock market crashed, there was a lot of deprivation and downsizing, but things feel different now. The eighties were very ostentatious, and it was all designer goods for the sake of it. People feel there has to be value to a

brand. They don't want flash with no substance." Value and substance are comforting fifties ideas, and Martinis, steak and cigars are fifties commodities. There is something reassuring about eating and drinking as your parents did on their big nights out.

Some expertise is required to cut and light a cigar, which may add to the thrill. Hennessy's has published a guide to cigar evenings for restaurant owners, which intimidates instructs: "The goal is to clip off enough of the sealed end to expose some filler leaves, but not so much that the wrapper starts to unravel. One-sixteenth of an inch is the right amount."

The last decade has seen a plethora of contradictory health studies with several cows being slaughtered weekly. Margarine, long thought to be healthier than butter, isn't. Wine has suddenly become good for you, especially if you're female, because it may prevent ovarian cancer. On the other hand, it's thought to be a factor in breast cancer. Or is it the other way around? No wonder people have decided to ignore all of it.

that tasted almost as good as the real thing. There was the mistaken assumption that they could be eaten in limitless quantities, which led to people virtually holding up delivery trucks to get Snuggly Well Chocolate Fudge Cookies," says William Grimes of the New York Times.

They sweated themselves silly at work and in the gym in the eighties, now they are out to have a bloody good time

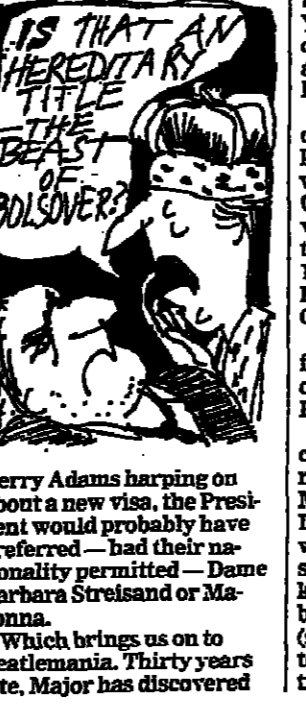
Big Macs for every five Mondays. Doctors are not happy. While allowing that "a bit of red meat in moderation is not a bad thing", Dr Thomas Houston of the American Medical Association is concerned about the effects of Lucullian eating and smoking. "This is thought to be a result of extremely aggressive marketing by the cigar and wine industries. Cigars aren't as dangerous as cigarettes, but it's like jumping out of the fifth floor of a building instead of the 20th."

## By Order of the British Enigma

B-list toffs and dull celebs. MARY RIDDELL on the dubious honours of the Queen's Birthday list

A HIT or a miss? For a verdict on the Queen's Birthday Honours List, let us turn to Mr David Jacobs. No, not the one who makes cream crackers. He hosted a show called Juke Box Jury. You remember. Very popular in the sixties. A music programme featuring a song to signify a hit and a hooter to denote a miss.

whole system was going to change. Right? Conservative Prime Ministers had adapted Euripides' view that high honours were sweet. Under both Thatcher's and Major's leadership, they were sugar lumps to be doled out to assorted Sir Humphrys and those donating millions to party funds.



Gerry Adams harping on about a new visa, the President would probably have preferred — had their nationality permitted — Dame Barbara Streisand or Madonna.

the Fab Four. Under his new Yesterday scheme, anyone connected with the band and of whom no one has heard does well. George Martin, their producer, tops the list with a knighthood. Dora Bryan — whose song, All I Want For Christmas is A Beagle, was voted (against stiff competition) the best bad record of 1963 — replaces her Juke Box Jury hooter with an OBE.

Nice, too, that Judge Stephen Tumim gets a knighthood (although he would probably have felt better rewarded if the Home Secretary had listened to him during his time as chief prisons inspector.)

But the real difficulty lies with a flawed, snobbish, archaic and devalued institution, which bestows high honours, on a by-gones turn basis, for those in government and the civil service, while offering up to the rich and throwing a few sops to sports stars and lollipop ladies.

On a minor point, I have never quite understood why lollipop ladies should be the great symbol of unsung public service. Why not school dinner ladies? Because, I suppose, there aren't many left after John Major's cuts connived at their abolition.

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# Testimony for the terrorised

## ED VULLIAMY is one of only two journalists to take the stand in the historic Bosnia war crimes trial at The Hague. He describes his day in court as witness for the prosecution confronting an alleged torturer

IN THE event, despite months of preparation, it was a scramble to get into court on time. "Brace yourself," said the attorney from out of the blue, "you're on in five minutes."

The previous witness had concluded 24 hours ahead of schedule. So I exchanged a pair of jeans for the attorney's (Armani) suit. He is American and works out waist 30 inches. I'm not and don't; waist 33 inches.

"How's it feel, at such a moment in history?" he asks. "Not comfortable," I reply, before being ushered through a security door into the witness box, in front of a bulletproof glass screen, in the first international war crimes trial since Nuremberg.

Opposite the witnesses' entrance, between two police officers, sits Bosnian Serb Dusko Tadic, accused of murder, torture and rape in the Omarska concentration camp and others of its kind, and of a pivotal role in the "ethnic cleansing" of Muslims from his home region of Prijedor.

To the right are the prosecution, by whom I am called. To the left, Tadic's defence. This trial — like arguments over intervention in the war itself — is a tussle between the New World and the Old. The prosecution is by three Americans and an Australian. Defending are two British barristers, and a Dutch-Russian.

In front are the judges, a former governor-general of Australia, Sir Ninian Stephen, the Malaysian Lal Chand Vohrah, and the forthright African-American chairwoman of the bench, Gabrielle Kirk McDonald.

The Hague tribunal is a vast, more complex phenomenon than it appears from the formalities. The investigating teams have been brought in from such fields as the US Marines, the Lancashire Constabulary and the federal prosecution team that put away the police officer who beat up Rodney King in Los Angeles.

The gathering of the witnesses is an extraordinary scene. For the first time in the history of international justice, former camp inmates are due in court to see if they can identify their alleged torturer. At a hotel on one of The Hague's arterial roads, they assemble from across the wretched diaspora scattered throughout the world.

Many had not met since their days of incarceration, when as captives they suffered conditions of ferocity and abject terror that boggle the mind. Now they greet each other, an exchange of hugs, over breakfasts of fruit and cheese.

There, sipping on coffee, is Dr Azra Brajevic. We last met in the Tropolje concentration camp, where she was helping out in the pathetic medical centre. She and another doctor handed us an undeveloped film which, once processed,

revealed the savage beating of prisoners. Now, the doctor and I can talk generalities, but not about the case.

It is for the terrified, emaciated prisoners, of whom we saw but a few on that putrid day in August 1992, when we stumbled into Omarska and Trnopolje, that I am here to testify.

The attorney leading my evidence is Major Michael Keegan of the US Marines. His purpose is to show that the persecution of Muslims around Prijedor was part of an international conflict — not a civil war — so that the charge "grave breaches of the Geneva Convention" apply. The second is to show the pogrom as "widespread and systematic", not some isolated incident, so that

The last tranche of the direct examination concerned a return visit to Omarska earlier this year, in search of those who ran the camp. Guards had said no camp existed there but had declined to give their names because "look what happened to Dule Tadic". At that moment in my evidence the defendant abandoned his usual nonchalance, and picked up his headphones.

Tadic and I had eye-balled each other twice in court. His eyes are dark, sharp, hard and rodent-like. On the first occasion, I turned my gaze away. Second time, more in my stride, I outstared him.

Many colleagues think that to have given evidence is bad professional ethics. Only two journalists have come forward to testify at The Hague. Both are British: Martin Bell of the BBC and myself.

Bell says that the question of whether or not journalists should testify in the war crimes trial is "an argument that can be made convincingly either way — it's purely subjective." I agree.

At The Hague one is simply offering the facts at one's disposal to the court. It is for the judges to decide whether those facts favour the prosecution by which one is called, or indeed the defence, or are of no consequence.

That would be the case in any trial. But at The Hague there is an extra dimension which concerns the difference between "objectivity" and "neutrality", in both journalism and civilised life.

If "objectivity" is to mean that our writing must be fact-specific, then of course we must be objective. But "neutrality" is not the same thing.

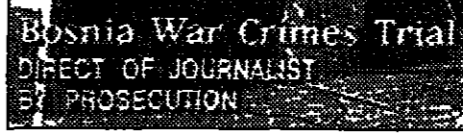
At a certain point, the perpetration of atrocity crosses a line, and breaches not only international law but the bases of civilisation. I believe that at Omarska (and elsewhere in Bosnia), that line was crossed, and that to remain "neutral" was not neutrality at all — but rather, complicity.

This is not a matter of being "anti-Serb" or "pro-Muslim"; it is a judgment about where one stands between camp guard and inmate, persecutor and persecuted.

The international community has largely chosen to accept the argument that because atrocities have been committed by all sides in Bosnia, then "neutrality" is acceptable. But this takes no account of the relative scale of atrocities, that the vast majority have been committed by Serbs against Muslims. The CIA puts the percentage ratio at 90 per cent Serbian perpetrators; 8 per cent Croat; 2 per cent Muslim.

The Hague is trying alleged criminals from all three groups, but appropriately, the majority of the accused are Serbs. The fact that the tribunal is doing this, in the wake of the cowardice of the rest of the world, makes The Hague the West's last chance to display any credibility.

Prosecuting at Nuremberg, Sir Hartley Shawcross said the purpose of those trials in 1945 was that such things would never be heard again. He was, as he wrote recently, disappointed. I would have been proud to testify for Sir Hartley against the Nazis as I am to do so at The Hague against those who schooled them with a pale but unmistakable imitation.



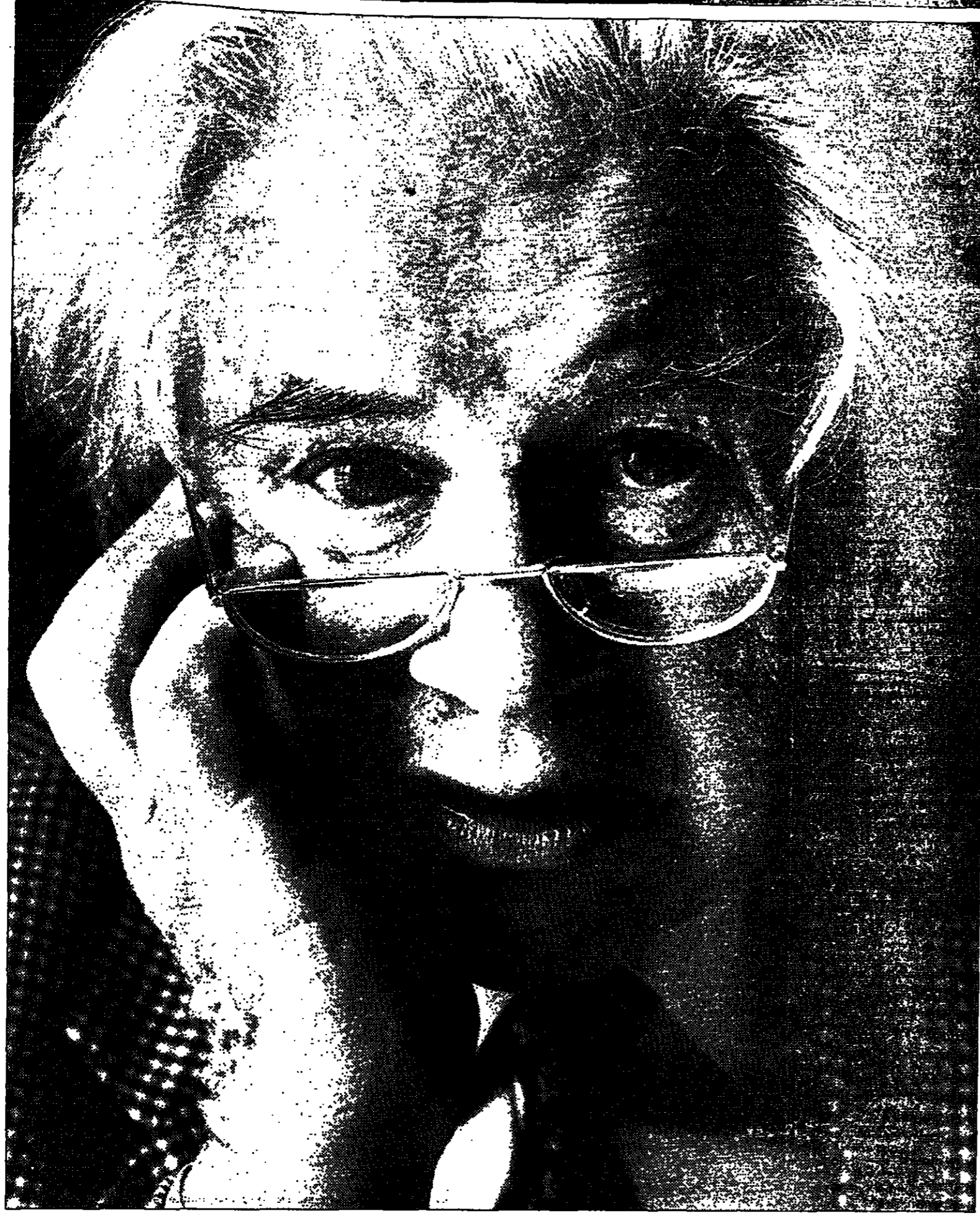
Reporter on camera... Ed Vulliamy live on the TV feed from the courtroom which is broadcast daily to Sarajevo

Crimes against humanity" apply. We conclude the first day's evidence with recollections of a convoy of 1,600 Muslims herded over the mountains by Serbian gunmen. The second day begins with a round-robin of similar pogroms: Bosanska Krupa, Bilje, Zepa, Vlasegrad and Sarajevo. Five years' work, several narrow escapes, experiences as epic as they were terrifying, condensed into a morning. Afraid of galling the jury, I was apparently saying things down too much, the lawyers said.

Our tortuous journey to Omarska between July 28 and August 5, 1992 became court record. Meeting Dr Karadzic, a "briefing" in Prijedor with those who ran Omarska and tried to suggest alternative destinations; a mock gun battle faked by our Serbian escort to put us off proceeding, and our final arrival at the back gates of Omarska mine.

I had not seen ITN's "rushes" — the untransmitted footage — of that day, with which the court accompanied my account. I have described the scene a thousand times but it never fades and here it was in vivid detail. The yard drill, the canteen, those spindly fingers, lantern jaws and burning eyes, the guards swinging their guns.

By the time we got to a now infamous shot of the barbed wire at Trnopolje, and the emaciated ribcages behind it, I asked if I could switch off my monitor and refer to memory only — those skeletal corpses, talk of massacres at other camps.



Buccaneer of the anecdote... Ustinov loves to lay out his bazaar of stories PHOTOGRAPH ANDY BAKER

# I just want to be loved by you

## Europeans adore Peter Ustinov, but the British still remain cool



The Joanna Coles Interview

HELLO bébé" cries Sir Peter Ustinov across the dining room of the Berkeley Hotel in Knightsbridge, as his wife Hélène sweeps in from Switzerland, her brown neck apparently choked with gold chains. "Bébé, we are on dessert," he continues in an accent that can only be described as pure Poirot, as she sits down and commands a waiter to bring a bleak order of Dover sole with spinach. Rummaging in her bag, she produces an envelope which she pushes across the table. It's an invitation from John Major, demanding the couple's attendance at a Downing Street dinner to mark Ted Heath's 90th birthday. "Oh the 17th, we can't go, I'm performing that night," says Sir Peter unconcerned and stuffing the card back in its envelope.

picks up every twitch and gesture, every accent and reproduces them impeccably. The concierge is addressed in Italian, the maître'd in French, each waiter spoken to in his native tongue, even when not entirely appropriate. "A pot of lapsang souchong, and you are probably the only person in this room who can pronounce lapsang souchong properly!" he says to the Oriental waiter. "Actually sir, I was born here," replies the waiter. "Oh so was I," says Sir Peter, not missing a beat. "But it's too late to do anything about that now."

English always say to me, [breaks into emphatic toff voice] "Yes, but have the Germans got a sense of humour?" Afterwards, when the lights went up, I saw President Herzog and I said "I must thank you for laughing so heartily." He replied [breaks into staccato German accent] "Yes, I love to laugh. But it is always easier when zero is a pretext!" A buccaneer of the anecdote, Ustinov is clearly saddened by his failure to be taken seriously as a writer here. His last novel, *The Old Man And Mr Smith*, has sold 500,000 copies in Europe — but only 18,000 in Britain. "I've never been let in to the literary top echelons here," he complains. "I've never been criticised properly here. Never! Die Welt gave over two middle pages to the first chapter of my last book. Two pages!"

A human antenna, he picks up every twitch and gesture, every accent and reproduces them impeccably. "Unesco celebrated my 70th birthday in Paris with a fantastic outbreak of stars, Ted Heath came and played for He's A Jolly Good Fellow on a defective piano. Helmut Schmidt played the piano, and Yehudi and Caballé... It was God knows, incredible." He pauses, as if moved by the memory, rather than showing off. "All my children came and I said, 'Sooner or later I must decide what to do with my life.' My son said, 'Quite right. But don't hurry.' Mum, I felt very encouraged by that!"

But how does he know all these famous people? "I don't know. They know me." Well, how did he meet Mikhail Gorbachev who he has just referred to twice as a "real friend"? "I met him in Moscow at a big peace forum. I had a very interesting moment in giving him an honorary degree from Durham [where Ustinov is Chancellor]. He couldn't get to Durham so he decided to receive it in Athens, at what the Greeks called a summit — although it wasn't of course. "Anyway, we had the ceremony... I had hoped it would take place against the background of naked athletes [he picks up a plate and mimes throwing a discus] but it took place in a thirties ballroom, and they couldn't find a way of turning the musak off. So there we were, with the mace all the way from Durham, and all these distant bazookas. "Well I gave him his degree and it had very little press coverage. I then discovered why. With his academic hat on, it covered the birthmark on his head, and nobody knew who the hell he was!" He laughs, his main source of punctuation, and snaps a brittle melba toast in half. At the neighbouring table, two waiters give a small bow and with a brisk symmetrical flourish remove two vast silver domes.

"Oh I was having lunch with the Canadian Ambassador of Rangoon once when they brought these large domes," says Ustinov, ever ready with the next anecdote. "I said, 'Oh I'm always terrified that one day they'll reveal Bismarck's head!' The ambassador replied: 'Oh, my grandfather! He roars with laughter again then picks up the menu and announces that he's found some wonderful names. "There's that ballet dancer [puts on effeminate accent] Basil Viniwetze. Then there's that American labour leader [puts on deep American accent] Erb Croton..." "Though he is now resident in Switzerland, I wonder how he would vote if he still lived here?" Liberal Democrat, I could never vote Conservative, they all remind me of school prefects. "I was saying to Ted [Heath] only last night, how there used to be a time when people enjoyed disagreeing, there was a genuine difference between the parties and people enjoyed

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**With Verdi mania rampant in the run-up to the centenary of his death MARY JANE PHILLIPS-MATZ looks at the composer's life, rooted in continuity and filled with generosity**



The life and the legend... Verdi in 1886, left; his home in Roncole, and, top, busts in Busseto

# A private hero for our time

**T**HE GRAND span of Verdi's professional life as a composer, reaching from 1839 to 1883, and from *Oberto, conte di San Bonifacio* to *Pastorale* was extraordinary in a century when life expectancy for most people was tragically short. But quite beyond that accomplishment was the reach of his whole life, which covered nearly a century. Born in 1813, he lived through the Napoleonic Wars in the Duchy of Parma, when looting Austrian and Russian troops swept through his native village on their way to the battle of the Taro. As he did not survive smallpox, as an adult he managed to escape malaria, the plague of the Po Valley, and was spared in the cholera epidemics that swept the continent in his time.

He remained in Paris during the Revolution of 1848 and reported on it to friends and colleagues. During the Italian War of Independence in 1859, he stubbornly refused to seek safety in Genoa and stood fast in his villa near the Po even when Austrian troops were marching within sight on both sides of the river. In the unification of Italy, he was an important figure.

Verdi even lived long enough to greet the new century, although he was pessimistic about what it would bring. When he died in January 1901 he was honoured as a national hero and a much-decorated international celebrity.

The burst of activity between the ages of 28 and 39 left us with a huge body of work that has remained in the operatic repertory and extends far beyond it. His music is heard everywhere, played on and off the stage and used on dozens of television commercials all over the world.

In his own time, it became the common musical currency as it was played in cities and towns on street-organs and by brass bands. In private homes, amateur players or sang arrangements of his most popular pieces, even as societies of local music lovers popularised his works in those small, salon concerts called *Accademias*.

This outpouring began as he himself said in March 1842, when he gave *Nabucco* at the Teatro alla Scala in Milan. He called this the start of his real career. It was one of the great-

est operatic successes of all time, making him famous almost overnight and holding the stage at La Scala for one of the longest runs in the history of that house.

In 1843, he presented *I Lombardi alla Prima Crociata* in the same theatre, following it with *Ernani* (Teatro La Fenice, Venice) and *Il duo Foscari* (Teatro Argentina, Rome), both in 1844. In 1845, Verdi gave *Giovanna d'Arco* (La Scala) and *Alzira* (Teatro San Carlo, Naples). In 1846, he returned to Venice with *Attila*.

His groundbreaking *Macbeth* was premiered in 1847 (Teatro della Pergola, Florence) but followed within four months by *Macbeth* (Her Majesty's Theatre, London). Four months later Verdi gave *Jerusalem*, his extensive reworking of *Lombardi*, at the Paris Opera. In 1848 came *Il Corsaro* (Teatro Grande, Trieste); in 1848, *La Battaglia di Legnano* (Argentina, Rome) and *Luca Miller* (Teatro San Carlo, Naples); in 1850, *Stiffelio* (Teatro Grande, Trieste); in 1851, *Rigoletto* (La Fenice, Venice); and in 1853, *Il Trovatore* (Teatro Apollo, Rome) and *La Traviata* (La Fenice, Venice).

After 1853 Verdi's pace slowed somewhat. In the years between 1855 and 1866, he composed eight more operas, from *Les Vèpres Siciliennes* to his last work, *Falstaff*. Among them are *Simon Boccanegra*, *Un Ballo in maschera*, *La Forza del destino*, *Don Carlos*, *Aida*, and *Otello*—almost all repertory staples. He also revised pieces and composed songs, a string quartet, and several religious works, including the mighty *Messa da Requiem*.

ONLY a few years ago, the names of Verdi's works meant little or, indeed, nothing to the general public because they were given rarely or not at all. But the surge of interest has made possible a kind of "Verdi industry" that has taken on a life of its own. Now we have Verdi conferences, conferences, broadcasts and telecasts of individual works, publications, feature films in large theatres and biographical series on the small screens, study institutes and Verdi societies ("Friends of Verdi",

"Amici di Verdi", Verdi choral groups).

As the centenary of his death approaches, whole festivals are dedicated to his works. The Royal Opera House, Covent Garden, has programmed one while on the other side of the Atlantic, Vincent La Selva conducts the forces of his New York Grand Opera in giving all the operas in chronological order in Central Park. In Sarasota, Victor De Renzi attracts fans from all over the world to his productions which are often accompanied by Verdi congresses.

Analysis, revision, and deconstruction in thought and in staging has reached the point where some Verdi operas would be unrecognisable if we "saw" them without being able to hear the music. Recent settings of *Rigoletto*, might well be mob-boss movies where good guys and bad are engaged in street war. In a planned vendetta, the hapless and unintended victim is a young girl, who is a corpse in a garbage bag at the end. What did you say? Well, it happens all the time.

If Verdi had not written a final duet for father and daughter, *Gilda* might well have been fitted with "cement boots" and tossed in the river. Is this really *Rigoletto*? Who would know? It could just as easily be the life of John Gotti or Al Capone.

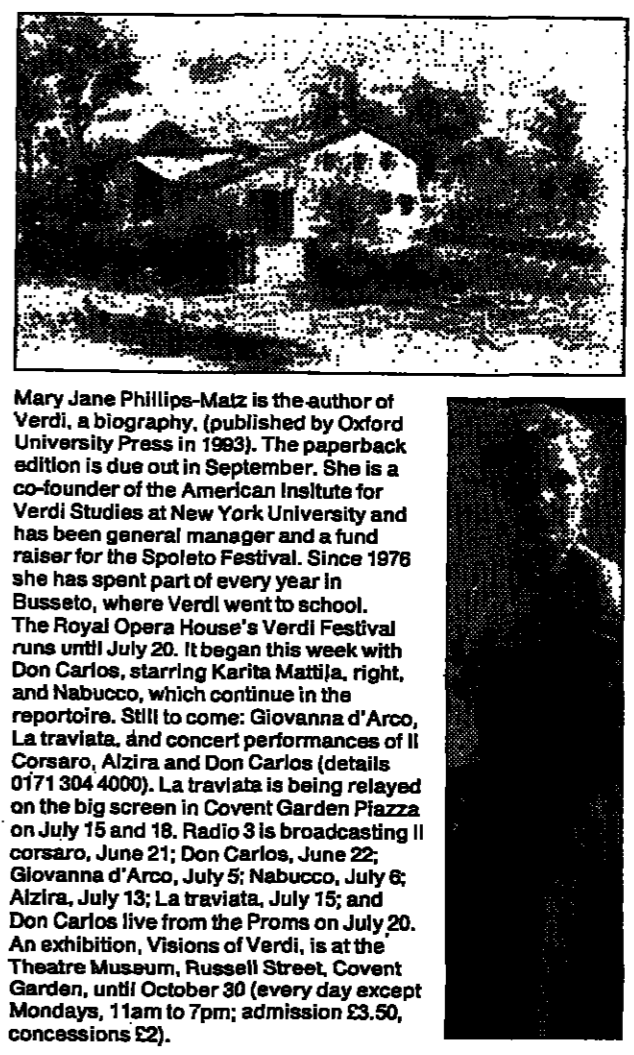
As Verdi-mania threatens to reach tidal wave proportions, several sites connected with him become havens for swarms of tourists. Bases by the dozen bring people from around the world. The first of them, south of Milan, in the middle of the fields to the east of the old Roman Via Emilia, is Roncole Verdi, the hamlet where the composer was born and grew up to become the gifted 10-year-old church organist, with a stipend all his own.

The town of Busseto, where he went to upper school, married, directed the music academy and amateur orchestra and became the most famous resident, has seen several of its traditional family stores become boutiques. Even Busseto has taken over space. Real estate values have soared. Art galleries and photographers' studios march in Piazza Verdi and along Via Roma, where windows are filled with Verdi souvenirs.

Harried visitors vie with television crews and with each other to get into the town's few public telephone booths. Verdi's own handsome residence, Palazzo Cavalli-Orlandi, which he bought in 1846, is now also a museum; and one trembles to think how he would have dealt with the thundering hordes that invade his salon, dining room, kitchen and courtyard. It is hard to think of anyone more resentful than he was of having his privacy invaded.

Verdi's huge estate, the Villa Verdi, at the edge of the nearby village of Sant'Agata, was his principal residence from 1851 until his death—almost exactly 50 years. Several rooms of his large, comfortable country house are open to visitors, who now come in such crowds that a former hayfield has been turned into a parking lot.

The composer's original holding here, acquired in May 1846, was a small farmhouse with fields and tenant houses around it, bought from his brother-in-law. Verdi moved here on May 1, 1851, with Giuseppe Strepponi, whom he married in 1859. As his fortune grew, fed by royalties, commissions for new works,



and fees for re-staging his older operas, he would buy one adjacent property after another, until it became one of the largest estates in the area. He was still adding to it in 1885. He also remodelled the house several times.

Surrounding Verdi's house is the garden he so loved, for which he ordered hundreds of trees, year after year. One purchase list begins with "120 plane trees, 6 larches, 6 junipers", and continues through dozens of items, including "1 giant sequoia" almost 40 holly trees and several cypress and common trees and shrubs. Towering magnolias guard the house on both sides.

The small lake he had dug still lies beside his quaint grotto; his rustic bridge crosses it and leads to the magnificent line of trees, planes (as per his order) that divides the field behind the house. Near the main house is the little brick building where he housed the coal-powered pump he ordered from England, so he could water the garden. Behind the main property is his heart-breaking beautiful mill at Castelazzo, still standing watch over the canal that irrigated his fields.

Some of this might have been lost, had he not explicitly provided for it in his will: "I place upon my heirs the duty of keeping the garden and my house at Sant'Agata exactly as they are now. This duty also extends to her heirs." With these two simple sentences, Verdi gives us a clue to that inner self he strove so hard to hide: at his core is a love of continuity; and the prodigious boy-organist of Roncole is one and the same as the protégé of the Busseto amateurs' Philharmonic Society and the Grand Old Man of La Scala.

His last known notes of music were a sketch for a prayer, written by the widowed Queen of Italy after the assassination of the King. The farmer of Sant'Agata is the grandson of an eagle: Giuseppe Verdi of Sant'Agata, who left there at the end of the 1700s for Roncole, and the descendant of other Verdis who lived there in the 1500s and 1600s.

The farm that became Villa Verdi had originally been Verdi land. Adding to the original purchase, he bought back all the little farms that the earlier Verdis had once occupied at Sant'Agata, going back

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## Living the blues in black and white

**B**ELLOCOQ'S remarkable photographs of prostitutes around the year 1912 in a brothel in Storyville, the red light district of New Orleans, are all that survives of his life's work. They arouse an appetite, so to speak, that can probably never be satisfied. Who was he? What else did he do? What kind of life did he lead?

The details are fragmentary. Contemporaries recalled that he was very short, around five feet, that he was hydrocephalic (or as one put it, "A water head. You know, one of them high heads.") The temptation is to see him as a kind of Toulouse-Lautrec of the camera. It's known that he did some commercial work, all lost, and that he took pictures of the

opium dens of the Chinatown quarter of New Orleans which have also disappeared. Those who saw these photographs were astonished by the revelation of what they had thought of as a tightly closed world.

What was it about E J Bellocq that gave him this close access? Was it perhaps that his extraordinary appearance, his mark of the outsider and the loner, made him acceptable in societies of outsiders? Discussion of Bellocq and his work necessarily proceeds through a string of questions.

His easy relationship with the women in the brothel is evident from his photographs. There is about all of them an air of relaxation. If Bellocq's motives in making these photographs were am-



Unnamed woman at ease but watchful; like many of the plates this one has corroded with age

## A lost world recorded by a lost observer - E J Bellocq's photographs of prostitutes in 1912 New Orleans. IAN MAYES is intrigued

biguous the women clearly found nothing disturbing in his presence. The transaction, you conclude, was the taking of the photograph and that was it.

Very few of the plates have survived in good condition. Some are cracked, corroded or have been physically defaced, the heads of the prostitutes scratched out by some unknown hand. So the subjects now sometimes appear to us as though through a gauze, evocative of a lost world, a lost time.

But in all the photographs the images are clear and straightforward, the women, clothed or naked, disarmingly themselves surrounded by the trappings of an unpretentious domesticity.

What we are shown is at least part of their reality. The odour of the close encounters is absent. We are left to speculate whether the decorum Bellocq discovered ex-

tended to the rumpled bed. It probably didn't. A couple of the prostitutes are masked, hinting at demands on the edge of squalor.

Bellocq seems to have had an interest in these women as individuals. They appear to have presented themselves to him in a manner of their own choosing. If one were making comparisons it wouldn't be with Toulouse-Lautrec but more with the intimate view of Bonnard. For a moment the fray of the street is at bay, the pressures of commerce have paused, and Bellocq's friends are shown, quietly delighted to have rediscovered themselves.

Bellocq's photographs from Storyville, reproduced from prints made by Lee Fiedler, with an introduction by Susan Sartag and interviews edited by John Szarkowski, is published by Jonathan Cape at £50

Max Factor

Your face, his fortune

MAX FACTOR Jr, the man who brought Pan-Cake make-up to the masses, has died aged 91. Sharing his father's commercial chutzpah, he went on to develop other best-selling products, making Max Factor one of the top four cosmetic firms in the world.



chromatic make-up. The commercial version, Pan-Cake, was developed by father and son in 1936 to overcome an unfortunate effect of Technicolor, which tended to turn film stars' faces brick red, or even blue. A corrective makeup, purely for use under the cameras, Pan-Cake was based on a flexible greasepaint. It masked all blemishes and defects and, more importantly, didn't crack with facial movements or melt under the lights.

The Max factor... father and son in the firm's lab, helping to produce 'the make-up to the stars'... and (right) how that touch of Rita Hayworth glamour was sold to the masses

Make up in a few seconds... LOOK LOVELY FOR HOURS. RITA HAYWORTH in 'COVER GIRL'. Pan-Cake Make-Up. MAX FACTOR - HOLLYWOOD

cheap make-up was crudely coloured, cheaply scented and had little sticking power. But the sight of the stars liberally shining down from the screen soon gave women ideas about improving appearance and enhancing self-esteem.

was also a very sound businessman. Throughout the 1940s and 1950s, he broadened the firm's inventive range by introducing waterproof cosmetics, the world's first refillable mascara wand and Tru-color lipstick, which was tested by a publicity-grabbing "Kissing Machine" which applied the pressure of an ideal kiss, via rubber lips, to check the indelibility of the firm's lipsticks.

shelves rather than keeping them behind a special counter. It was a continuation of Factor's belief in accessibility and the demystifying of high glamour which his up-market rivals traded on. The move resulted in a sales increase of 600 per cent in the firm's first year.

tor No Color mascara was voted product of the year by Fortune magazine. The firm was sold to Norton Simon Inc in 1973 for \$480 million and, after changing hands several times, was bought by Procter and Gamble in 1982.

Bobby Tulloch

Birdman of Shetland

FOR more than 30 years, the name of Bobby Tulloch, who has died aged 67, was synonymous with Shetland ornithology and bird conservation. Born on Yell, he grew up beside the sea and was as much at home in a small boat as on land. He trained as a baker and, when national service took him away for almost the first time in his life, he took charge of an Army bakery in Hong Kong.



Tulloch... gifted raconteur. And it was he who found the snowy owl's nest on Fetlar, which caused a sensation in birding circles in the late 1960s. Tulloch was much in demand as a lecturer on National Trust for Scotland cruises to places such as Islay and Norway and also took holiday birdwatchers to Alaska and the Falklands. He became president of the Shetland Bird Club he had helped found and was a member of the Sullom Voe oil terminal advisory group on the oil industry's impact on Shetland wildlife.

Brigitte Helm

The reluctant movie star

YOUNG women on the silent screen were broadly categorised as either childlike virgins or femmes fatales, but Brigitte Helm, who has died aged 90, embodied both sides to perfection in her most celebrated, and first, film role. In Fritz Lang's Metropolis (1927), she played both the saintly Maria, attempting to lead the downtrodden factory workers of the futuristic city towards justice, and the malign robot, made in her image, who succeeds in stirring up rebellion. There are few more hypnotic sequences in cinema than the transformation of an arm-clad automaton into the tantalising mass of men with her orgasmic dance. She would continue to enthrall men throughout her 10-year career.

from Hollywood. It was her mother who sent her daughter's photograph to Theo Harbou, Lang's screenwriter wife, who got the 19-year-old a successful screen test. Although she had performed in school plays, she had never acted professionally before. The 16-month shoot of Metropolis was extremely arduous, during which the model and autocratic Lang treated Helm with disdain. It took nine days to film the scene in which she is encased in the heavy metal robot shell, her face obscured, and when she asked for an occasional double, Lang replied "I have to feel that you are inside the robot." Although he made her a star and got her a 10-year contract with UFA, Germany's largest production company, Helm continued to work with Lang again.



Hypnotic... Brigitte Helm in Metropolis, her first and best film role. (1928). Pabst ambiguously used her dual personalities from Metropolis in L'Atlantide (1932), in which as the queen of Atlantis, she has two soldiers under her spell. This campy, exotic fantasy was made simultaneously in German, French and English, all three versions dominated by Helm's statuesque presence. A few years before, Helm

the scientist who brought her up. She gave two of her greatest performances in two other silent films. Her presence as the vampish Baroness Sanorff in Marcel L'Herbier's remarkable Art Deco delight, L'Argent (1928), recently prompted the writer Gilbert Adair to enthuse: "This heavenly vision of Helm, with her sharp-nosed profile and strange columbine neck, the neck of one of Ingmar's naked, virginally orificeless odalisques, and above all with those furs, that hat, that gown." Just as shimmeringly garbed, Helm played the title role in The Wonderful Lie of Nina Petrova (1929), the blonde mistress of an army general, living in luxury, who falls in love with a penniless young lieutenant. This splendidly sophisticated triangular love affair, beautifully played by Helm, and smoothly directed by the little-known Hans Schwarz, revealed Helm as an actress with a wider range than is generally recognised. In 1936, Helm retired from the screen to marry a wealthy German industrialist, Hugo von Kuenheim, by whom she had four children, though it was said that her real reason for giving up her career was a reluctance to be associated with Nazi propaganda. After the war, she and her family moved to Ascona, Switzerland, where she died.

Weekend Birthdays

Katharine Graham, effectively the Washington Post's proprietor, 79 tomorrow, is sainted in the business. Here's why. Her staff had the Pentagon papers, first proof of US Government lies to the nation, ready to roll. The editor was tense. Graham was nervous. The lawyers dined. And then she said what journalists most want to hear: "say we print." If it sounds like a Ben Hecht line from a 1930s movie, that's not inappropriate to her style. Her father bought the Post, the "news-paper the President reads first" in a Depression bankruptcy sale, and she was once a classy young reporter (as if Katharine Hepburn had been cast in His Girl Friday instead of Rosalind Russell). She married into domesticity, but took over as publisher after her husband's suicide in 1963. The quality American press had cosied up to government after the second world war, and became more buttoned-up and buttoned-down while she was away. And then she walked back in. On her desk are 50 framed photographs of herself with presidents. And yet there was Watergate, when the Post was the first newspaper to overthrow a president - Nixon: "I was out on my farm in Virginia and my editor said... some burglars in surgical gloves had been caught in Democratic headquarters..." Today's birthdays: Richard Baker, broadcaster, 71; Simon Callow, actor, 47;



Johnny Herbert, racing driver, 32; The Most Rev Trevor Huddleston, human rights campaigner, chairman, International Defence and Aid Fund for Southern Africa, 63; John Redwood MP, former government minister, 45; Sir Ninian Stephen, Australian ambassador for the environment, 73; Samere Tansley, children's book illustrator, 52. Tomorrow's other birthdays: James Bolam, actor, 58; Lt-Gen Sir Thomas Boyd-Carpenter, deputy Chief of Defence Staff, 58; Grant Fox, rugby player, 34; Tom Graveney, cricketer, 68; Prof Harold Hamman, vice-chancellor, Lancaster University, 68; The Rt Rev David Keeler, Roman Catholic Bishop of Leeds, 66; Neil MacGregor, director, National Gallery, 50; Enoch Powell, former Conservative MP and minister, 84; Sir Ralph Robins, chairman, Rolls-Royce, 64; Prof Erich Segal, classical scholar and screenwriter, 68.

Face to Faith

Where Moses saw the light

Richard Chartres. AT THE southern tip of the Sinai peninsula in Egypt lies one of the most sacred sites in the world. Here, at the monastery of St Catherine's, the three great monotheistic religions meet in a continuous tradition of more than 1,000 years of mutual tolerance and respect. This is where Moses had the two great visions of God recorded in the Book of Exodus in the Hebrew Scriptures. He brought down from Mount Sinai the Ten Commandments, the ethical foundation on which Judaism, Christianity and Islam are built. And he had the extraordinary mystical vision of the Burning Bush. This experience of the Spirit of God as a fire which burns but does not consume is echoed in the experience of mystics

down the centuries. The Burning Bush still grows in the monastery. By the fourth century AD, the Spanish female saint, Etheria, found Christian hermits living in the area when the church was emerging from the catacombs and becoming a legal religion of the Roman Empire. So began an unequalled history of Christian monasticism right down to the present day. I visited the monastery last year and took a consignment of Earl Grey tea for the English monk living in the community, Fr Nilus. Remarkably in view of the current tensions between Islam and Christianity, it has been Muslims who have protected St Catherine's for more than 1,000 years. Seventy-three years after the Roman Emperor built the massive walls which surround the monastery in the sixth century, the

Sinai and the Bedouin tribes who live there were converted to Islam; the liberty of the monastery, however, was guaranteed by a letter from the Prophet Muhammad himself. St Catherine's is a rare and powerful symbol of a long history of mutual respect between the world's two biggest religions, Islam and Christianity. St Catherine's has survived everything wars, Crusades, the great destruction of icons of the Iconoclasm, religious division, even the Sinai war. Its collection of manuscripts is second only to that of the Vatican's. It looked after the oldest Bible in the world, the Codex Sinaiticus, until the 19th century when it was inviolated from the monks' care by a German Biblical scholar, finally ending up in the British Museum. The Prince of Wales was deeply impressed by the collection on his visit in 1959 and on

his initiative the Saint Catherine Foundation has been set up to fund conservation work on the thousands of manuscripts from both the Eastern and Western traditions. St Catherine's was not a party to the schism of 1054 which divided the Eastern Orthodox churches and the West and continued to attract monks from both sides, a rare symbol of Christian unity. Today, the monks are predominantly Greek Orthodox. But this monastery is more than a museum of rare antiquities. It is a place of mystical vision where men have dedicated themselves to a vision of God. The relics of St Catherine of Alexandria herself are enshrined in the church. You may think that a virgin martyr has little relevance to the 20th century, but her life is one of great defiance of the social mores of her time. Women were controlled in the Ancient World by depriving them of education and early marriage; the highly-educated St Catherine became a Christian and refused to marry. She defeated the arguments of philosophers sent to break her faith and eventually converted them. When the pagan Roman Emperor sent her a bridegroom she rejected him; in punishment, she was bound to a spiked wheel. Hence the "Catherine Wheel" firework. St Catherine's has remained true to the vision of Moses with a long tradition of mystical writing. Here at the end of the

Doonesbury



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# Money Guardian

## Getting in the right gear to head out on the highway

As new laws to restrict the size of motorbikes novices can ride are introduced, CLIFF JONES gives a guide to getting out on the road

**N**EW legislation emanating from Brussels is going to make it harder for motorcycle learners to get on their bikes. From January 1997, new laws on road tests mean it will be more expensive to head out on the highway, and younger riders will have to look for adventure on smaller machines.

All tests since 1990 have consisted of two parts, starting with compulsory basic training (CBT). This allows learners to ride any bike with an engine no larger than 125cc. They must then pass the Driving Standards Agency test, after which they can buy the biggest and fastest bike they can afford.

However, from January 1997 new European laws will limit riders who are younger than 21 to 125cc machines for two years. Older riders who pass their CBT will have to take their DSA test on a machine of at least 47 horsepower if they want to ride more powerful bikes.

The catch for older riders is that they cannot ride the more powerful bikes to the test centre and will have to rent a motorcycle from the riding school until they pass their test. If they pass their second test on a less powerful bike, they will be limited to the smaller bike for two years.

According to Richard Beardwell, an instructor at the Romford branch of CSM Rider Training, the UK's largest network of biking schools, people are rushing to beat the new legislation. He said: "We are busier now than we have been in a while. We get lawyers and bankers and older riders in their fifties who don't want to

### Tele-finance

In a separate supplement, Money Guardian today takes an extensive look at finance-over-the-phone. Don't miss our eight-page pull-out.

ride small bikes but would feel more comfortable passing their test on one."

New bikes can be expensive, but they are cheaper and more economical to run than cars. An average 500cc machine will manage 50 miles per gallon, compared to 26.7 mpg for the cheapest Vauxhall Corsa 1.2i.

Road tax for a car costs £140 a year compared to £55 for a motorcycle above 250cc. Tax on smaller bikes is £35 a year. An intensive course at CSM Rider Training costs £455, including test fee and bike rental. BSM driving schools charge £561.98 for a full course of lessons.

Insurance can be expensive for young riders. Norwich Union, which insures two-thirds of all bikes in the UK, quotes £384.37 for third-party cover only for a 24-year-old man riding a medium-powered bike in London. A more experienced rider, such as a 30-year-old man or woman living in Cardiff with three years' no claims, could insure the same bike for £371.81 on a fully comprehensive policy. Third party, fire and theft would cost £202.17 and both policies carry a £150 excess clause.

Many would-be bikers are put off by the cost of the clothing and safety equipment. As with most sports, biking gear

is expensive, but commuters and weekend riders do not need to spend large amounts of money to be safe and comfortable.

The law requires all riders to wear a helmet, which must be constructed to British Standard and bear the kite mark. These cost anything from £60 to £500, but sales assistants are usually honest and will not tend to persuade new bikers to buy the most expensive. Beginners can buy a medium range safety type-A helmet for £140 which is both warm and comfortable. Customers could also remember that the toughest helmet will be useless if it does not fit properly or the chin strap is loose.

Jackets start at £129 and go up to ridiculous prices, beyond £500. Unless you are entering the Isle of Man TT race or a fashion contest, you will not need to pay more than £300. A man's leather blouson is better than nothing but is not very protective. A reasonable jacket, with good padding around the arms and protection in the back, will cost under £200. Many riders favour denim jeans rather than pay from £100 for leather trousers.

Jo Kilby, Clothing Manager for the Finsbury Park branch of Motorcycle City, believes this is false economy. She says: "People kit themselves out in the right gear but forget their legs. This is reflected in the fact that 70 per cent of injuries are below the waist. With a rough road surface, denim will shred to pieces." Gloves cost an average £30 and boots around £70.

The British weather might put some off, but not people like CSM's Richard Beardwell. What's the best thing about biking? "Freedom," he says triumphantly. "I can go where I want, when I want. As long as I wear the right gear on a good bike, I will be warm, safe and free."

Money Guardian is edited by Margaret Hughes



Power dressing... Safety and comfort are the twin essentials PHOTOGRAPH DAVID MANSELL

## Fruit stall pricing for package trips leaves sour taste

Teresa Hunter

**T**RAVEL companies came under fire yesterday for operating a "fluid" pricing system, which could mean that every holidaymaker on a package paid a different price for the trip.

Thomson Holidays introduced "fluid" pricing late last year in an attempt to boost early bookings for this season. Other companies followed, leading in some cases to illegal massaging of holiday prices.

Fluid pricing means that customers will not necessarily pay the price they see in the brochure for their chosen holiday. The price will be fixed according to the supply and demand for your favoured package on the day you book.

Thomson is clear that no holidaymaker will pay a higher price than that stated in its range of brochures operating fluid pricing, which include Horizon Summer Selection, Price Breakers, Summer Sun and Sky Tours.

**A** THOMSON spokesman explained: "The brochure price shows the highest price you will pay. But we wanted to give discounts to people who booked early, and this is a way of cutting their holiday price by up to £100."

"If they book well ahead of their departure on a day when demand for their holiday is low, then they will receive a full discount. But the discount will change each day depending on demand and availability."

The Institute of Trading Standards has attacked the scheme as confusing, and predicted that even where it is operating within the law customers will eventually become disgruntled.

The institute's chief executive, Alan Street, explained: "We believe customers should always be

given clear information about the price of anything they are going to buy. If a holiday firm is prepared to sell a package for £200, then that should be the price in the brochure - not £300."

"Customers also need to be confident that when they get information from a travel agent about a holiday, the price will be the same when they come in the following week to book it."

The Association of British Travel Agents (Abta) is also concerned about the scheme, because it believes there have been instances of companies charging a higher price than in the brochure.

An Abta spokesman said: "If anyone is charged a higher price than is stated in the brochure, then that is clearly against the law."

"However, we have no problem with the concept of fluid pricing in itself. If you go out to buy apples today, you may have to pay more or less than you did last Saturday, depending on the supply and demand - and next week the price will be different again. No one has any problems with that - so why with holidays?"

Mr Street stressed that his institute would take action against any company breaching the law by charging a higher price than that in the brochure, but he predicted that eventually customers would become disenchanted with the system.

A flood of "free" holiday offers from the Florida Travel Network, and other cheap US travel deals, led Abta to join the Advertising Standards Authority yesterday in warning consumers not to be taken in.

The ASA warned earlier in the week that many of the promises made in the advertising literature were unfounded.

Recipients were assured, for example, that the holidays were fully bonded, when UK holidaymakers were not covered.

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### The M&G PEP

# Gas turns heat on regulator



Firm stand... chief executive Phillip Rogerson rejects Ofgas recommendations. "We can't run this business with a workforce of 10,000." PHOTOGRAPH: TOM SWALES

**MMC inquiry likely in price curbs dispute as company rejects pipeline controls and accuses Ofgas of demanding drastic cut in safety spending**

Simon Beavis  
Industrial Editor

**B**RITISH Gas yesterday accused its regulator of demanding cuts of up to 50 per cent in spending on safety as the bitter war of words between the two sides over new price curbs looked to be heading for a showdown at the Monopolies and Mergers Commission.

Ofgas has argued that its call for charges to be cut by between 20 and 28 per cent next year could reduce bills by up to £20 a year and has warned that the MMC could be even tougher on Transco.

British Gas rejected the recommendations when they were first published a month ago, warning they would jeopardise safety and could cost up to 10,000 jobs.

He insisted that the row did not have to be settled in an MMC inquiry in what would be the third major monopolies investigation in the company since its privatisation in 1986.

But, Mr Rogerson added: "I accept we have a very strong case and we are prepared to take it to the MMC if that is where we have to go."

He argued that the proposals contained serious errors, inconsistencies and omissions and were based on a false assumption that shareholders had fared better than customers since privatisation.

## Somerfield to debut with £500m price tag

Pauline Springett

**S**OMERFIELD, the supermarket group previously known as Gateway, is to float on the Stock Exchange next month with a price tag of about £500 million.

Chief executive David Simons, his five fellow directors plus an unspecified number of other managerial staff, are expected to share a bonus in excess of £5 million on the flotation.

the 1990s. Isoceles bought Gateway in 1989 for £2.1 billion in the UK's largest ever leveraged buy-out deal.

He has accumulated detailed knowledge of the PFI as the panel's longest-serving member. This will be relevant to his new job at CIBC Wood Gundy, umbrella for the bank's international investment banking, capital markets and credit services.

As managing director of public services and infrastructure, Mr Hogg will oversee a new equity fund of up to £125 million to be invested in PFI and infrastructure projects in the UK and internationally.

loaded with red tape. Private sector concerns proved to be one of the unexpected hurdles that the PFI had to overcome, Mr Hogg said.



## Investitures in industry

Dan Atkinson

**E**XECUTIVES of companies that have contributed thousands of pounds to Conservative Party funds were among yesterday's winners in the Birthday Honours List.

House, which gave £10,000 in 1994, was made an OBE. Eisewiers, there were knightships for: Zeneca chief executive James Barnes for services to the pharmaceutical industry; Leonard Chalcraft, Lord Mayor of London, for services to the City of London; Morgan Grenfell chairman John Craven for services to banking and the City.

Richard Evans, chief executive of British Aerospace, for services to the aerospace and defence industries; British Steel executive chairman Brian Moffat, for services to the steel industry; and Rentokil chief Clive Thompson were also knighted.

## SmithKline hints at health service pact

Sarah Whitebloom

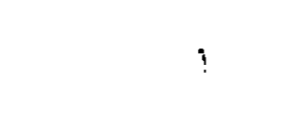
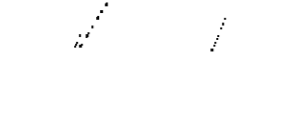
**S**MITHKLINE Beecham has believed it would sign the first accord between a pharmaceuticals group and a British health services provider.

## Knight Williams report calls on SIB to champion losers

Teresa Hunter

**T**HE Securities and Investments Board should take responsibility for ensuring clients of collapsed independent financial adviser Knight Williams are compensated, a report said yesterday.

UK's biggest firm of financial adviser calls on the SIB to make payments to aggrieved investors who had been promised compensation under a special complaints procedure set up by the watchdog.

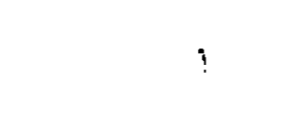
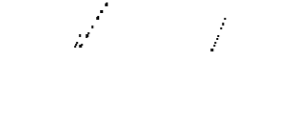
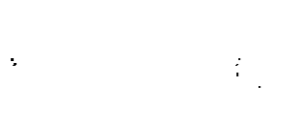


## Middle England beach boys hope to ride AIM's new wave

Sarah Whitebloom

**F**IRST, there was the pet retailer. Then, there was the dentist. Now, a surf shop wants to float on the Alternative Investment Market.

Legends Surf Shop plc currently has outlets at Birmingham, Cheltenham, Oxford and Leamington Spa — all about as far from the surf as it is possible to get in England.



## Saturday Notebook

### Sumitomo: a very modern scandal



Alex Brummer

**A**LTHOUGH the origins of the enormous near-£2.5 billion trading loss at Sumitomo Corporation date back a decade, it is very much a scandal of the 1990s in the tradition of those at Barings and Daiwa.

As part of its normal regulation over two to three years, the SFA has been monitoring the affairs of the Winchester Group, one of the most influential and profitable players on the LME.

The board, in turn, has been working with the authorities in the United States, the Commodities Futures Trading Commission in Japan and in Guernsey where some offshore commodity outfits have been based.

ACCORDING to the LME, this information was passed to the appropriate authorities, although as far as can be determined the intense investigations into Sumitomo were not fully under way until two or three months ago.

Among the problems which the LME regulators in this case, the SFA, is understood to have encountered has been legal. The practitioner-led, self-regulatory system in the City makes it possible for entities under scrutiny to place legal obstacles in the way of regulators.

There are a number of concerns about the LME: the most significant of which appears to be the increasing use in recent years of over-the-counter contracts. Such personalised dealings, conducted off the floor of regulated marketplaces, are subject to minimum disclosure requirements and extraordinarily difficult to monitor.

Clearly, natural justice requires that the targets of inquiry have available to them full due process. However, in the London self-regulatory system those who are targets of investigation appear to hold many of the cards.

cut electricity use. It believes that companies coming in to challenge the regional monopolies will try to cherry-pick well-off households.

This would leave local companies to meet the higher costs of serving poorer customers, and Yorkshire wants rules forcing competitors to share that cost.

He was speaking as Yorkshire announced that its pre-tax profits edged up last year by just over £2 million to £215.3 million.

## Power deregulation 'could leave poor with higher bills'

Simon Beavis  
Industrial Editor

**S**OME three million low-income households could face higher bills when the power market is opened to full competition, unless the Government and the regulator take prompt action to protect them, Yorkshire Electricity has warned.

TOURIST RATES — BANK SELLS

Australia 1.89	France 7.89	Italy 2.26	Singapore 2.11
Austria 15.92	Germany 2.72	Japan 1.54	South Africa 6.42
Belgium 46.89	Greece 353.50	Netherlands 2.5675	Spain 191.75
Canada 2.05	Hong Kong 11.58	New Zealand 2.2225	Sweden 13.12
Cyprus 0.898	India 53.37	Norway 9.77	Switzerland 1.873
Denmark 8.81	Ireland 0.9425	Portugal 225.50	Turkey 117.172
Finland 7.12	Israel 5.00	Saudi Arabia 5.72	USA 1.5000

### Credit option

### Spanish hotels defy the US trade with Cu

111,552 and rising: small Eurotunnel shareholders get influence by proxy

Mark Milner European Business Editor

ALMOST 150 British shareholders in Eurotunnel have responded to the appeal — carried on last week's European Business page — from Paris-based professional investors' representative Sophie L'Hellas...

British shareholders with a total of 111,552 shares have given their proxies to Ms L'Hellas's company, Franklin Global Investor Services...

Ms L'Hellas, who was brought in to run the proxy campaign by the two French-based associations of Eurotunnel shareholders...

Ms L'Hellas said yesterday that she was delighted by the response from British shareholders.

Any other shareholder to appoint Franklin Global Investor Services as their proxy at the annual meeting can still do so by filling in the appropriate Eurotunnel SA and Eurotunnel PLC forms...

Gdansk shipyard to file for bankruptcy • Solidarity calls for nationwide strikes • Walesa tries rescue



Tale of two decades... Summer 1980, a woman speaks for Gdansk shipyard workers striking against Communist regime; summer 1996, a priest takes confession from a Gdansk worker, this time striking to save the shipyard from closure

Polish symbol of resistance crushed by market forces

Artur Morla in Warsaw

IN THE early 1980s, amid a blaze of publicity, workers at the Gdansk shipyard and their Solidarity trade union successfully defied the full might of the country's Communist regime.

union is asking workers to help the shipyard by joining nationwide strikes and demonstrations on June 21 to support their cause.

present 7,000 shipyard workers. Mr Kaczmarek is blunt. Taking on the yard's existing contracts without renegotiating them would simply be a recipe for further losses.

Credit Suisse takes an option on the world

Richard Thomas Economics Correspondent

CREDIT Suisse and US-based subsidiary CS First Boston are putting the finishing touches to a merger of their German operations...

according to Credit Suisse managers. If the merger goes smoothly, top brass in parent Credit Suisse Holding will order similar rationalisations in London, New York and other key financial markets...

Suisse refused yesterday to confirm plans for labour-shedding. Paul Hofer, head of Credit Suisse Northern Europe, said: "Our plans are at a very delicate stage right now..."

ahead, and on time," he said. "Any implications for our operations elsewhere will be made at a higher level."

established in 1989 — which was one of the reasons given by UBS for rebuffing Credit Suisse in April.

EC gears up for pollutant cuts row

Julie Wolf in Brussels

A BEHIND the scenes battle over cutting pollution from vehicles in Europe will burst into the open next week when the European Commission proposes new emissions and fuel standards.

Passions fizzle in soap opera of wine families

ADELA GOOCH on a Catalan feud that threatens cava

ASMOULDERING battle between the two top producers of cava — Catalonia's challenge to champagne — turned into open warfare after the Codorniu winery accused its rival, Freixenet, of contravening production regulations.

Underlying the dispute is a feud between the Raventos family which owns Codorniu, holder in 1972 of the first cava — then allowed to go by the name of champagne — and the Ferrer family of Freixenet, just 50 years old, who they consider pushy parvenus.

Spanish hoteliers defy the US over trade with Cuba

Andrew Robinson

PUT IT down to 30 per cent margins rather than any sympathy for Fidel Castro, but Spanish hotel groups are facing down the US State Department over their investments in Cuba's booming tourist industry.

Up to now, only Occidental Hoteles has cracked under the pressure, announcing on Wednesday that it had pulled out of a joint venture with the Cuban property developer Gavioa — owned by the Cuban army — to manage four hotels in Varadero. Sol Meliá, the Mallorca-based group, took a different tack and said it would wind up its US activities rather than leave Cuba.

Bank unreserved on EMU

Mark Milner European Business Editor

OVERS of irony were given a treat this week. Jan Plenderleith, one of the Bank of England's executive directors, delivered an analysis of the impact of European economic and monetary union on the financial markets.

range of money market instruments as at present, said Mr Plenderleith. "Clearly at the core there will be one official, policy-determined, short-term interest rate common to all participating central banks — only one price, if you like, for central bank money".

ularly relevant to the debate over positive minimum reserve requirements. Reserve requirements are not essential for the operation of monetary policy.



Update

Spain's conservative government outlined reforms to spur growth and create jobs following on 200 billion pesetas worth of cuts which were announced by prime minister Jose Maria Aznar on taking office in May. They include: • Reducing inheritance tax and simplifying capital gains tax; • Scrapping minimum fees for professionals as well as restrictions on where they can practise; • Creating a competitor for telecommunications monopoly Telefonica; • Abolishing price controls on some fuels; and • Opening up the energy sector and removing binding restrictions.

Financial Editor: Alex Brummer
Telephone: 0171-239-9610
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Finance Guardian

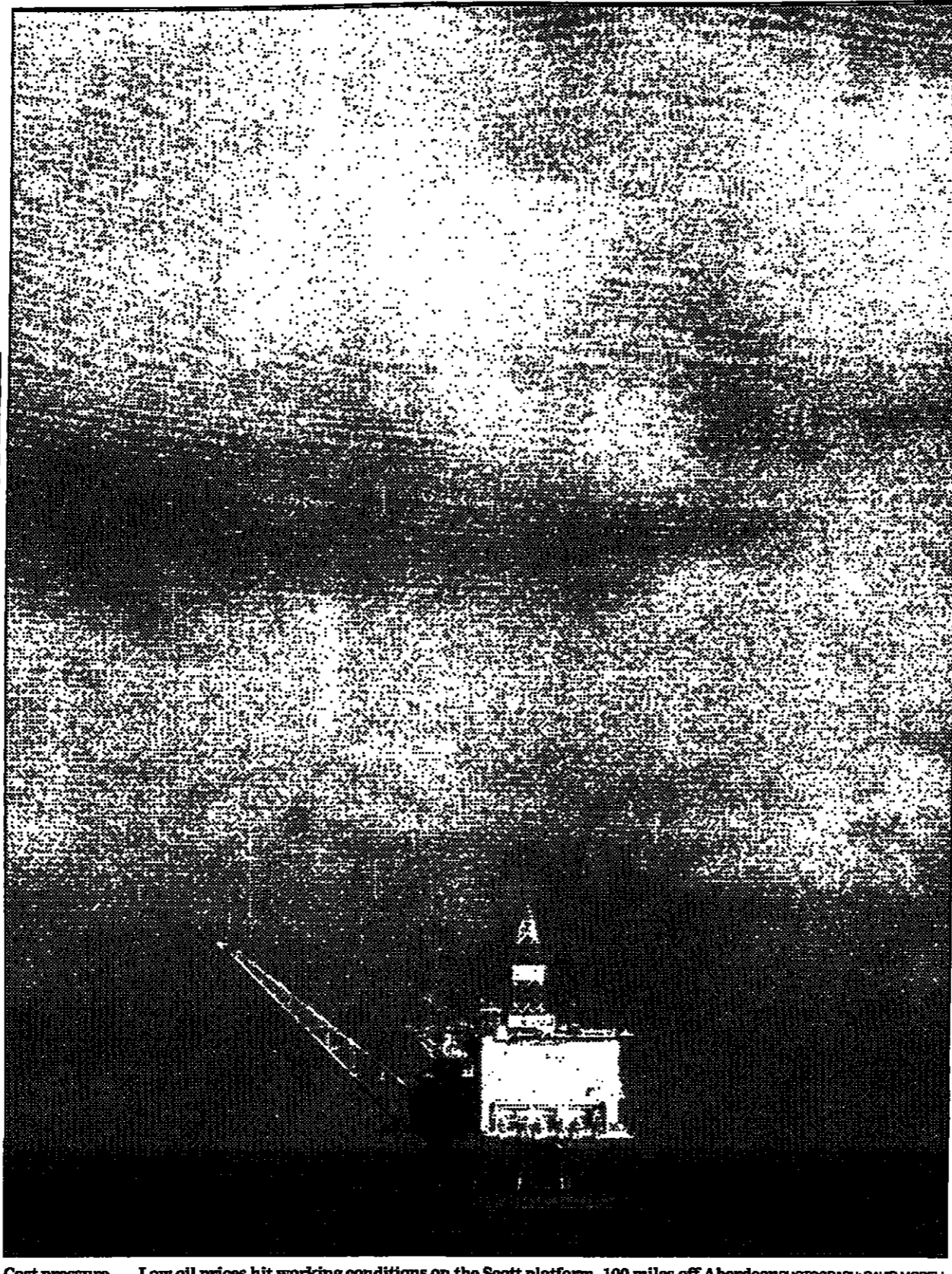
Plunder! A tale of oil and greed

The first barrel came ashore from the North Sea 21 years ago — and the politicians swooped. In the first of a series, RICHARD THOMAS tells a sorry story of wasted billions and wasted lives

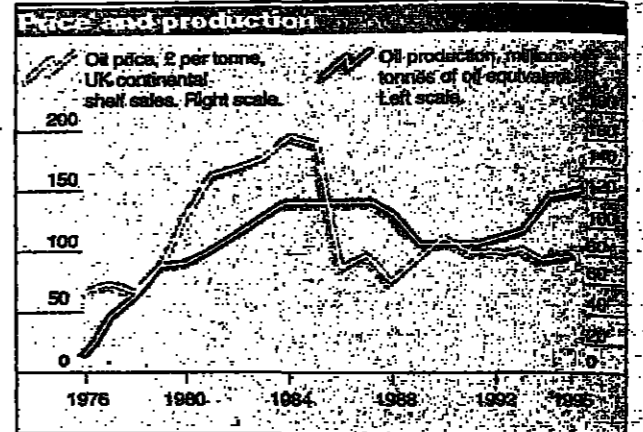
MIDNIGHT in the middle of the North Sea, and Andy Zelas — called Z by everyone — is waxing philosophical. Holding court in the small drilling hut perched on the Scott oil platform 100 miles north-east of Aberdeen, Z bares his roughneck soul. "My kids are proud of their dad," he says. "They tell their schoolfriends that their heating only works because I'm out here getting the fuel out of the ground. Yeah, I'm proud of what I've done."

Meanwhile, the decline in manufacturing was unbelievable. The question is: what happens when the oil runs out — what'll be left? Mr Wilson's complaint echoes those of many commentators on the left, who have accused successive Tory governments of squandering the proceeds of a national asset on wrong-headed economic policies and tax bribes to voters. As Nigel Lawson adapted Belloc: "Whatever happens, we have got North Sea oil, and they have not."

LABOUR'S manifesto in 1974 promised the establishment of a dedicated North Sea oil fund. In 1978 a white paper committed the Government to an annual report on the use of North Sea oil. Despite the efforts of energy minister Tony Benn, there was no fund. "So that is the end of saga of North Sea oil," Mr Benn wrote in his diary. "We are doing a sort of IMF in reverse. We are not putting the money into capital expenditure or public investment of one kind or another, we are going to give it away in tax cuts."



Cost pressure... Low oil prices hit working conditions on the Scott platform, 100 miles off Aberdeen. PHOTOGRAPH BY DAVID MOELL



play cheap labour while they rake in obscene profits." And the squeeze between low prices and tougher drilling conditions is taking its toll on the mental health of Britain's 25,000 offshore workers. Even on Scott — which Mr Wilson proudly describes as the "Rolls-Royce of the North Sea" — with its gym, cinema and pool tables, the pressure is mounting. The platform's offshore medical officer, Peter Grace, has just been told that he can no longer devote himself to health issues. Amerada Hess has laid off the two people who were responsible for managing helicopter flights; Mr Grace is having to do some of that work instead. "People can't get to see me, they don't know where I am," he says. "I can't check the equipment. I need to be there in four minutes if someone has a heart attack. How can I do that from the helideck?"

He says the combination of increasing pressure to perform with job insecurity has pushed some people over the edge. "I have sent three stress cases back to the beach over the last few months, compared to just one in the five years previously." Mr Grace is no big-hearted softie. His background is in the Royal Navy. "Workers are the heroes of the North Sea, and they just get kicked in the head. Amerada Hess used to be one of the best, but as the competitive pressures mount, they get more like the EPs and Shells, who never treated people well — that's how they've made their money." Nor are taxpayers any longer reaping the rewards of the oil money. To keep production going, the Government has sharply reduced the fiscal burden on oil companies since the price crash in 1985/86. In the 1985/86 tax year, after 10 years of decline, receipts were only £2.3 billion. Some Labour insiders reckon a Blair government should slap a bigger tax bill on the oil companies to fulfil pledges on education, jobs and health. Of course, no one would dare say so publicly for fear of BP, Shell and Amerada Hess sending big cheques to Central Office. Oil companies do pay a much lower proportion of

Bar chart showing % of estimated reserves already extracted for UK, W Australia, Vietnam, and Colombia. UK: 32, W Australia: 38, Vietnam: 1.5, Colombia: 84.

Labour failed on two other counts. The newly established Health and Safety Executive (HSE), of which Michael Foot was so proud, was diluted to pacify the oil operators. By contrast to conditions in the coal mines, oil operators were not forced to consult unions about safety, and were exempt from regular HSE checks. The North Sea has never been strongly unionised, in part because Mr Benn and his colleagues missed the opportunity to cement union rights offshore. Despite industry fears that Labour would insist on

greater union recognition, by 1979 there was only one collective agreement in the North Sea. Given the failures of the 1974-79 Labour administration, it is difficult to imagine the money could have been put to much better use if Mrs Thatcher had lost any of her three elections. Keith Douglas, Scott's rig supervisor — who is studying part-time for an MBA — says: "It is difficult to see where the money has gone. Look at the NHS, for example." He doubts Labour would have done better: "All politi-

cians are the same under the surface. I can't imagine things would have been that different, even without Thatcher." Until Piper Alpha, few people thought about the thousands of men — and now some women — working on the rigs. The BBC's recent Roughnecks series was the first such dramatisation of oil industry lifestyles. If anything, there was only a vague perception, across the political spectrum, that the risks and lack of union support were outweighed by the huge salaries earned offshore. The loads money myth

is false today, if it was ever true. Colin Young, Scott's radio operator, says: "Back home in the pub they call me JR, the amount of money I'm supposed to have. They think I'm a millionaire." But pressure on operators resulting from low oil prices and increasing difficulty of extraction in smaller, more complex fields, has put a cap on wages. An ordinary driller, the archetypal roughneck, earns about £27,000 a year — certainly not enough to buy Southfork. "Drillers are now underpaid. It's a cutthroat

business," says Mr Douglas. "But that's capitalism, I suppose." Oil operators talk a lot about Crine — Cost Reduction in the New Era. Z puts it slightly differently: "It's all about money; we're not getting it; the shareholders and operators are. Considering that we're responsible for people's lives out here, we're pretty badly paid. The oil operators are prepared to em-

their take to the UK Government than elsewhere, but there is some justification. The UK continental shelf is a mature field. This means that the oil is harder to get out: drills now go around corners more often than straight down. And the remaining fields are small, so the returns on investment in each is lower. Meanwhile, the aftermath of Piper Alpha has forced the industry to sharpen up its act on safety. Fewer corners are cut. The heady days of the 1980s, when a company could sink a single drill into a huge field and suck it out cheaply — and dangerously — are long gone. Meanwhile, younger oil seams are being discovered. In Vietnam and Mexico, the fields are big and the water shallow and calm. Compared to the North Sea, the operators have it easy — so the governments can tax more heavily.

The oil companies can probably afford to give the Exchequer more than the current £1 in every £3, especially if the price ticks up again. But if they are asked for much more, they could up sticks and go. North Sea oil's teenage years, when the big bucks were made, have passed. Any amount of hoping and whining, from Labour or anyone else, won't bring them back. The high-profit days were associated with a culture which has also faded: of hard men risking all in a hard environment to bring in the black gold. Piper Alpha casts a long shadow. "Football needed Hillsborough; sadly, we needed Piper Alpha," says safety manager Alan Wilson. The men have matured along with the oilfields. Many went offshore as young bachelors and now return to children and mortgages on "the beach". Hot heads have cooled. "In the old days it was go-go," says Mr Douglas, who is now 36. "I came offshore when I was 20. We did crazy things out here and crazy things back on the beach. On leave we would get pissed for three days with the boys, then fight with the missus for days. It is less macho now — we'll go home to see our kids and have a cup of tea."

Next: Energy men — Benn and Eggar write

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Sun, sea and the Net
20
Nicholas Bannister
GOING on holiday? Well, don't forget to pack the digital camera, the laptop computer, the battery recharger, the modem, and the appropriate power and telephone line adaptors. For the age of the electronic postcard is upon us, or so Kodak executives would have us believe. Only a couple of months after launching a new film-based camera system to replace 35mm in the mass market, the company has now introduced a digital camera aimed at the consumer market. At the same time, it is offering a free package enabling people to e-mail their pictures to friends on the Internet with very little hassle, and introducing special software that will make image manipulation easy for amateurs. Kodak's ambition is to encourage people to do more

Quick Crossword No. 8153
Solution No. 8152
Across
1 Thoughtless (13)
2 Self-important (7)
3 Balance (5)
10 Young cow (4)
11 Thinder (8)
13 Looseness (6)
14 Russian plain (6)
17 Hearing — spectators (8)
19 Soon — nameless (4)
21 Vermacular (5)
22 Inside a building (7)
24 Court judgment of execution (5,8)
Down
1 Mischievous child (3)
2 Intricate — obsession (7)
3 Midday (4)
4 Infuse (6)
5 Hasten (5)
6 Defence of being elsewhere (5)
7 Bearing leaves throughout the year (9)
10 Caved in (9)
12 Muscular power (8)
15 Card game — bridge? (7)
16 Writer (6)
18 Play (5)
20 Revise (4)
23 Observe — a diocese (3)
24 Stuck? Then call our solutions line on 0895 1 328 2448. Calls cost 39p per min, cheap rate, 49p per min at all other times. Service supplied by ATS.

Watch the Big... Ultimatum... Sinn... Russia's lo... Inside... British... 5

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